



CONSOLIDATED PLAN DRAFT

2007 ANNUAL ACTION PLAN

April 1, 2007 -- March 31, 2008

MONTANA DEPARTMENT OF COMMERCE
Community Development Block Grant Program
Home Investment Partnerships Program

MONTANA DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES
Emergency Shelter Grant Program

Submitted by:
Montana Department of Commerce
February 2007

http://housing.mt.gov/Hous_CP.asp

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I. EXECUTIVE SUMMARY

The Montana Department of Commerce (MDOC) is the lead agency overseeing the development of the Consolidated Plan. This Annual Action Plan is for the 12-month period beginning April 1, 2007 and ending March 31, 2008 (federal fiscal year 2007) and is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD). Each year, Montana submits an action plan illustrating how the HUD Community Planning and Development (CPD) resources it receives will be utilized to improve communities throughout the state. Information on Montana's Consolidated Plan can be accessed at:

http://housing.mt.gov/Hous_CP.asp

The Annual Action Plan, developed with the input of citizens and community groups, serves as the state's application for funds available through the three HUD formula grant programs that are administered by the state of Montana:

- The Community Development Block Grant (CDBG) program, administered by the Community Development and Business Resources Divisions of the Montana Department of Commerce (MDOC);
- The HOME Investment Partnerships (HOME) program, administered by the Housing Division of the MDOC; and
- The Emergency Shelter Grant (ESG) program, administered by the Human and Community Services Division of the Montana Department of Public Health and Human Services (MDPHHS).

Anticipated FY 2007 Funds¹	Formula Grant Program
\$ 6,886,700	Community Development Block Grant (CDBG) Program
\$ 4,357,200	Home Investment Partnerships (HOME) Program
\$ 82,300	American Dream Downpayment Initiative (ADDI)
\$ 393,700	Emergency Shelter Grant (ESG) Program

This Action Plan also includes information about the overall goals and objectives for the coming year with a description of the available resources and proposed actions to address identified needs. In addition, it includes information about the specific activities and allocation of resources available for the three federal block grant programs covered by Montana's Consolidated Plan.

The primary objective of the **CDBG program** is to develop viable communities by providing decent housing; providing a suitable living environment; and expanding economic opportunities that principally benefit low- and moderate-income persons (persons at or below 80 percent of the area median income). The CDBG program will assist communities to expand affordable housing and economic opportunities, provide

¹ Based on 2006 HUD allocations to the programs; 2007 allocations not yet available.

infrastructure, and/or improve community facilities. With the participation of its citizens, communities can devote funds to a wide range of activities that best serve their own particular community development needs and priorities.

The purpose of the **HOME program** is to expand the supply of affordable housing for low- and very low-income households (persons at or below 80 percent of the area median income). The HOME program distributes funds to communities and nonprofit community housing development organizations (CHDO) around the state for acquisition, rental rehabilitation, new construction of multi- and single-family housing; tenant based rental assistance, homeowner rehabilitation and homebuyer assistance.

ESG funds are distributed to Montana's 10 Human Resource Development Councils (HRDC). The HRDCs use the funds at the local level to meet the needs of the homeless or those at risk of becoming homeless.

The state's overall goals include:

- Increasing the supply of decent, safe, affordable housing, especially for low- and very low-income families, individuals, and special needs populations such as the elderly, disabled and homeless;
- Expanding economic opportunities in order to improve the living conditions for low- and moderate-income groups; and
- Expanding and improving community facilities and services, principally for low- and moderate-income persons, which are essential for sound community development and for development of viable communities.

HUD has established a performance outcome measurement system for its programs. The MODOC and MDPHHS have adopted the framework of HUD's outcome measurement system as the foundation for establishing performance measures and outcomes for each of the three HUD formula grant programs covered by this plan. A description of HUD's basic framework follows.

OBJECTIVES AND OUTCOMES

When funding an activity, the intent of that activity determines which of the three **objectives** best describes the purpose of the activity. The three objectives are:

- **Suitable Living Environment**: In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.
- **Decent Housing**: The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME, CDBG, or ESG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.

- **Creating Economic Opportunities:** This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

Similarly, once the objective for the activity is selected, one of three **outcome categories** that best reflects what will be achieved by funding the activity must be selected. The three outcome categories are:

- **Availability/Accessibility:** This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low-and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low-and moderate-income people where they live.
- **Affordability:** This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.
- **Sustainability - Promoting Livable or Viable Communities:** This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

Each outcome category can be connected to each of the overarching objectives, resulting in nine groups of **outcome/objective statements** under which to report the activity or project data to document the results of the activities or projects. Each activity will provide one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

	<u>Outcome 1:</u> Availability or Accessibility	<u>Outcome 2:</u> Affordability	<u>Outcome 3:</u> Sustainability
<u>Objective 1:</u> Suitable Living Environment	Enhance Suitable Living Environment through Improved Accessibility (SL-1)	Enhance Suitable Living Environment through Improved or New Affordability (SL-2)	Enhance Suitable Living Environment through Improved or New Sustainability (SL-3)
<u>Objective 2:</u> Decent Housing	Create Decent Housing with Improved or New Availability (DH-1)	Create Decent Housing with Improved or New Affordability (DH-2)	Create Decent Housing With Improved or New Sustainability(DH-3)
<u>Objective 3:</u> Economic Opportunities	Provide Economic Opportunity through Improved or New Accessibility (EO-1)	Provide Economic Opportunity through Improved or New Affordability (EO-2)	Provide Economic Opportunity through Improved or New Sustainability (EO-3)

Each activity, project, and program funded by the three formula grant programs covered by the Action Plan will meet the requirements of the framework.

EVALUATION OF PAST PERFORMANCE

Since plan year 2007 will be the first year the state will implement HUD's framework for the outcome measurement system, it is not possible to evaluate past performance in terms of the outcome measurement system.

In June 2006, the HOME program began requesting that its current grantees use revised set-up and completion reports that include new data fields for the outcome measurement system. As of October 1, 2006, all HOME grantees are required to use the revised set-up and completion reports with the additional data fields.

Beginning October 1, 2006, the CDBG program began requesting that its current grantees use the new, revised setup and completion reports that include new data fields for the outcome performance measurement system

II. SOURCES OF FUNDS

Numerous state and federal programs support the implementation of the state's Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations is critical to the success of many projects.

The following summaries describe programs that either are in place or will be implemented in the near future. These programs support the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness.

FEDERAL RESOURCES

HUD Formula Grants

The state of Montana receives annual funding from three HUD formula grant programs:

- The Community Development Block Grant (**CDBG**) program, administered by the Community Development and Business Resources Divisions of the Montana Department of Commerce (MDOC);
- The HOME Investment Partnerships (**HOME**) program, administered by the Housing Division of the MDOC; and
- The Emergency Shelter Grant (**ESG**) program, administered by the Human and Community Services Division of the Montana Department of Public Health and Human Services (MDPHHS).

Community Development Block Grant Program

The Community Development Division (CDD) and the Business Resources Division (BRD) of the MDOC administer the CDBG program. For the plan year beginning April 1, 2007, the state estimates it will receive \$6,886,683² in federal CDBG funds, the same amount as in FFY 2006. Of these dollars, one-third, or approximately \$2.2 million, will be allocated for economic development projects, administered by the BRD. Nearly \$4.4 million will be split between public facility projects (\$2.7 million), housing and neighborhood renewal projects (\$1.5 million), and planning grants (\$225,000), administered by the CDD.

The CDBG program also anticipates that an undeterminable amount of **program income** will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

² Based on 2006 HUD allocation to the CDBG program; 2007 allocation not yet available.

CDBG

FFY 2007 Estimate

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive Formula Retained for State Projects Non-Competitive State Admin of Program		\$ 6,580,082
		\$ 306,601

HOME Investment Partnerships Program

The HOME program, administered by the MDOC Housing Division, expects to receive an estimated \$4.3 million in HUD funds³ for the plan year beginning April 1, 2007. Funds will be used to develop affordable housing for low- and very low-income persons.

The MDOC also anticipates receiving approximately \$82,000 in **American Dream Downpayment Initiative** (ADDI) funds. ADDI, which was signed into law in December 2003, originally provided for \$200 million each year from 2003 until 2007 to be allocated to HOME participating jurisdictions based on the percent of low-income renters in the jurisdiction relative to the percent of low-income renters in the United States.

Additionally, the HOME program expects that an undetermined amount of **program income** will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income generated and use the funds for HOME-eligible activities:

- If program income is earned by a grantee before closeout of a project, it must be added to funds committed to the project and used to support eligible activities before the grantee can request an additional drawdown of funds.
- If a grantee previously received a HOME award for a project that has not been closed out and they receive an additional HOME award at a later date, the program income from the earlier project must be expended on eligible activities under the new project before the grantee can request funds from its new grant allocation.
- If a grantee receives any program income after project completion and grant closeout, these funds must be reported on a quarterly basis to the HOME program and may be used for additional HOME eligible activities, according to the terms of the grant closeout agreement and approved program income plan.

³ Based on 2006 HUD allocation to the HOME program; 2007 allocation not yet available.

HOME**FFY 2007 Estimate**

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive		\$ 1,987,454 *
Formula		\$ 30,434 *
Retained for State Project		
Non-Competitive		\$ 1,987,454
State Admin of Program		\$ 434,086

* Includes \$82,255 of ADDI07 funds.

Emergency Shelter Grant Program

The Intergovernmental Human Services Bureau (IHSB) of the Montana Department of Public Health and Human Services (MDPHHS) anticipates that approximately \$393,710⁴ will be available through the ESG program.

ESG**FFY 2007 Estimate**

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive		
Formula		\$ 374,051
Retained for State Project		
Non-Competitive		
State Admin of Program		\$ 19,687

HUD Competitive Grants

Competitive grant programs allow eligible applicants to request funding directly from HUD by submitting an application. Each year, HUD's SuperNOFA (Super Notice of Funding Availability) process makes competitive funds available for the selection of proposals submitted by government agencies and nonprofits. These proposals address special projects of national significance and long-term projects in areas that are not eligible for formula allocations.

Continuum of Care (CoC)

Continuum of Care competitive grants provide permanent and transitional housing to homeless persons and funding for job training, health care, mental health counseling, substance abuse treatment and childcare services. For FFY 2006, Montana requested \$2,089,172 for 18 projects across the state (see following table). Exhibit I from the Montana Continuum of Care Coalition application, is available on the Consolidated Plan Web page:

http://housing.mt.gov/Hous_CP_Apps.asp

⁴ Based on 2006 HUD allocation to the ESG program; 2007 allocation not yet available.

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MONTANA'S STATEWIDE CONTINUUM OF CARE HOMELESS ASSISTANCE GRANT REQUESTS FEDERAL FISCAL YEAR 2006		
Applicant / Project Sponsor	Project Name	Grant Amt Requested
Housing Authority of Billings	Shelter Plus Care TRA for Chronic Homeless/ TRA / New SPC Project	\$ 268,200
Poverello Center, Missoula	Joseph Center - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 74,934
Northwest MT Human Resources, Inc., Kalispell	Courtyard Apts - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 71,538
Human Resources Council District XII, Butte	Homeward Bound - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 90,958
Mountain Home Montana, Inc	B. Hamilton Project - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 76,798
Samaritan House, Inc.	Samaritan House Case Management Project - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 63,000
YWCA of Missoula	Ada's Place Transitional Housing - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 101,001
Supporters of Abuse Free Environment (S.A.F.E.), Inc., Hamilton	S.A.F.E. Transitional Housing - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 35,700
Missoula County / Salvation Army	Gateway Center - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 61,579
Missoula County / Western MT Mental Hlth Cntr, Turning Point	Share House - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 196,665
Sanders County Coalition for Families, Thompson Falls	LaVonne Kennedy Transitional Housing Prog - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 56,964
God's Love, Helena	God's Love Family Transitional Center - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 150,470
MT Dept of Health & Human Services, Helena	Homeless Management Information System (HMIS) - Supportive Housing Prog / HMIS / SHPR Project	\$ 66,980
Missoula County/YWCA of Missoula	Ada's Place II - Supportive Housing Prog/Transitional Housing/New SHP Project	\$ 14,965
Missoula Housing Authority	MHA Shelter Plus Care - Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 445,320
Helena Housing Authority	Helena Housing Authority SPC - Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 160,944
Public Housing Authority of Butte	Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 72,696
Housing Authority of Billings	Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 80,460
	Total	\$2,089,172
SPC – Shelter Plus Care; SPCR - Shelter Plus Care Renewal; SHPR – Supportive Housing Program Renewal; SHP – Supportive Housing Program; TRA – Tenant-based Rental Assistance		

Housing Opportunities for Persons With AIDS (HOPWA)

In July 2005, the MDPHHS was awarded a HOPWA renewal grant of \$1,450,800 to continue operating the Tri-state Housing Environments for Living Positively (TS HELP)

program. This program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families serving these three states, which do not qualify for direct HOPWA formula grant funding. TS HELP is a partnership between MDPHHS, and four private agencies in North Dakota, South Dakota, and Montana: the Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana.

Other HUD Resources

Project Based and Tenant Based Section 8

In addition to administering the HOME program, the Housing Assistance Bureau of the MDOC contracts with HUD as the statewide Public Housing Agency (PHA) using an annual Contributions Contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis.

Montana's Project Based Section 8 (PBS8) program performs as a HUD contractor for management and oversight activities for 100 contracts involving 4,269 affordable rental units. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

The Tenant Based Section 8 (TBS8) Housing Assistance Programs allow very low-income families to pay a set amount toward rent and utilities, based on their gross adjusted income (currently 30%). Very low-income families have incomes of 50% or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 program, using 35 local field agents in eleven locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The wait list to obtain a voucher is roughly 18 months with approximately 8,000 applicants. Housing choice vouchers is the main program in TBS8, with a HUD baseline of 3,716 units, and an annual budget of \$15 million.

The Moderate Rehabilitation (Mod Rehab) program, with a budget of approximately \$2 million annually, is a project-based program containing 408 rental units. TBS8 subsidizes the rental units, provides a list of prospective tenants to owners, and inspects the rental units annually to insure continued compliance with housing quality standards. Owners of substandard property in Montana rehabilitate the property to meet HUD housing quality standards (HQS) and receive subsidized rent for 15 years at a rate high enough to cover the debt service on rehabilitation loans.

Other Federal Resources

Low Income Housing Tax Credits (LIHTC)

The Low Income Housing Tax Credit program, established by Congress in the Tax Reform Act of 1986, is intended to provide for the retention, rehabilitation, and construction of low-income rental housing. The Montana Board of Housing (MBOH) administers the LIHTC program in Montana. The MBOH receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated to be at least \$2,125,000. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the eligible basis costs of the rental units provided to low-income individuals and families.

U.S. Department of Agriculture Rural Development

The U.S. Department of Agriculture Rural Development (USDA RD) program regularly funds several different housing programs for very low-, low-, and median-income borrowers, including Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504), Guaranteed Rural Housing Loans. Additionally, RD funds Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance, Mutual Self-Help Grants, and Housing Preservation Grants.

U.S. Department of Energy

The U.S. Department of Energy (DOE) funds are generally available for weatherization assistance in the state. These funds leverage additional funds from the U.S. Department of Health and Human Services for the Low Income Energy Assistance Program (LIEAP), Northwestern Energy, Bonneville Power Administration, and Universal System Benefits/Montana Dakota Utilities (USB/MDU) funds. The weatherization program provides cost effective energy conservation measures for low-income households, and typically include heating system tune-ups, air infiltration reduction, and attic, wall and floor insulation.

U.S. Department of Labor

The U.S. Department of Labor provides federal grant funds to the Montana Department of Labor and Industry (MDOLI), which transfers a portion of its funding to the MDOC for businesses needing assistance with job training financing. Montana businesses may apply directly to the MDOC to request Workforce Investment Act (WIA) Program funds. The MDOC is targeting the workforce training grant programs to projects that can demonstrate tangible, measurable results involving employees working in the businesses that are receiving assistance.

In January 2006, the U.S. Department of Labor announced that an application from Montana's Governor for Workforce Innovation in Regional Economic Development (WIRED) funding was one of 13 approved out of over 90 applications nationwide. Montana's WIRED proposal focused on the development of the bio-product industry in

32 counties of Eastern Montana and six Indian Reservations. The MDOC is managing a component of the WIRED grant program under contract with the MDOLI to implement part of the WIRED proposal.

The MDOC WIRED program has funding available for the next three years for customized worker training to businesses working with universities, colleges, high schools, and other training providers on specialized bio-product training and curriculum development. The program will also provide grants for WIRED eligible job training programs or projects that will enhance and expand the bio-product industry in the WIRED region.

U.S. Department of Commerce Economic Development Administration

The CDBG Economic Development Program applied to the Economic Development Administration (EDA) in 1991 for economic development funding, matched with CDBG funds, to develop a state revolving loan fund. Revolving loan fund dollars are used independently, or in combination with CDBG funding, for economic development loans. Loan payments are deposited back into the EDA/CDBG Revolving loan fund for future projects.

STATE RESOURCES

Resources provided by the state play a critical role in meeting community development needs around Montana.

Montana Board of Housing (MBOH)

The Montana Board of Housing was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall into three categories: homeownership, multi-family projects, and assistance to the senior population. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides the permanent financing or equity financing.

Homeownership Programs

Single Family Revenue Bond Program: The Single Family Bond Program began in 1977. Its purpose is to assist low- and moderate-income Montanans in purchasing homes in the state. The MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds either to purchase existing housing or to construct new housing. Primarily, this program is intended to be utilized by first-time homebuyers; however, in certain "targeted" areas, the borrowers do not need to be first-time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.

The MBOH works with approximately 280 lenders statewide to provide the mortgages and assists approximately 1,100 homebuyers per year.

Set-aside Single Family Mortgage Program: The MBOH makes mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Single Family Bond Program. The MBOH works in partnership with local nonprofit housing providers and local governments to develop programs to target specific housing needs within the local community. The MBOH provides the permanent, below market rate, 30-year mortgage financing. This is often coupled with federal grants or local funds to assist in making homeownership more affordable for lower income individuals and families. Applications are submitted through the MBOH's "Request for Proposal" process on a monthly basis.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80 percent) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide including loans made in Indian Country, except a loan made through the MBOH bond program.

Single Family Recycled Mortgage Program: By using recycled funds, MBOH is able to assist much lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single-family programs. The board makes approximately \$20 million available for financing very low-income families per year.

Disabled Accessible Affordable Homeownership Program: In 1993, the MBOH initiated the Disabled Accessible Affordable Homeownership Program for persons with disabilities to acquire affordable, architecturally accessible homes. Qualifying for this program requires that an eligible homebuyer, spouse, child, or parent have a permanent physical disability with a mobility impairment, meet income and family asset limits, and be a first-time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

MyMontanaMortgage (MMM): This program expands the range of borrowers that MBOH can serve by combining the MBOH lower set-aside mortgage interest rate with expanded underwriting available through Fannie Mae. The qualifications are similar to the Single Family Mortgage program, and is targeted to four special groups, including: Native Americans; housing subsidy clients working with an authorized Section 8 homeownership program; households which have one or more household members with an ADA-defined disability (not limited to access-disabilities as in the Disabled Accessible Affordable Homeownership Program); and borrowers who work full-time in essential services that include employees in public or private schools (from kindergarten through college level, custodial and administrative staff as well as teachers), police and

fire fighters, and certified, accredited or licensed health care workers (such as nurses, pharmacists, technicians).

Teachers' Program: This pilot program in Ravalli County with Farmers' State Bank links lower interest first mortgages using recycled bond funds with special down payment assistance second mortgages to help provide homeownership for first-time homebuyers who are teachers in Ravalli County schools. Borrowers who meet MBOH eligibility criteria and have incomes at or below 80 percent of median qualify for a first mortgage through the MBOH. The second mortgage fills the gap between the first mortgage and the cost of an eligible home. No payments are made on the second mortgage until the house is sold or refinanced, at which time the borrower pays off the second mortgage and a portion of the gain in equity in the home. This program is designed to help bridge the gap between incomes for teachers, and the high cost of housing in Ravalli County. Other areas of the state may have similar programs in the future and may include other essential workers such as police and firefighters.

Montana House™: MBOH is working in partnership with the Anaconda Job Corps to construct one-story, 2-bedroom, 1-bath homes with 960 square feet. Homes are completely assembled at the Job Corps, then moved and installed on a permanent foundation. These homes are available for purchase by individuals or families who meet the Single Family Mortgage Program criteria, but whose incomes do not exceed 80 percent of area median income for the county in which the house will be located. These homes are sold at cost, producing an affordable home. The additional costs of moving the house, purchasing the lot, constructing the foundation, floor coverings, appliances, and installing all utility hookups to the home are not included in the purchase price.

Multi-Family Programs

MBOH issues tax-exempt bonds to finance the construction of new, and rehabilitation of existing, low-income, multi-family housing. MBOH anticipates issuing bonds to finance projects that meet its requirements through the Multi-Family Risk Sharing program and its General Obligation Bond program.

Risk Sharing Program: The Risk Sharing program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, the MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default.

General Obligation (GO) Bond Program: The GO Bond program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60 percent of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Beginning in 1999, the MBOH issued Multi-Family Mortgage Bonds to preserve projects that were in jeopardy of being lost as affordable housing due to expiring HUD Preservation program contracts. In conjunction with other housing programs, the MBOH will continue to provide assistance to preserve affordable housing with expiring HUD contracts.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM program enables senior Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of \$15,000 to \$100,000 are available at a 5 percent interest rate, based on 80 percent of the FHA determined property value. The loans do not require repayment as long as the homeowner remains in the home.

Affordable Housing Revolving Loan Fund

The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided at that time. The 2001 Montana Legislature appropriated \$500,000 in Section 8 reserves and \$700,000 of Temporary Assistance to Needy Families (TANF) funds for the loan fund. A third source of funding is direct donations. The MBOH administers the fund, which can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- Bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- Acquisition of existing housing for the purpose of preservation of or conversion to low-income or moderate-income housing; or
- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund; however, the loans have a 30-year term.

Montana Department of Public Health and Human Services

Energy Funds

The MDPHHS administers state general funds to help offset the high cost of energy in the state. The 2005 Legislature provided the MDPHHS with an additional \$500,000 per

year of state general funds to be used for the LIEAP and weatherization programs to help offset the high cost of energy in 2006 and 2007. In 2006, funds were spent for heating assistance for low income Montanans including those on the Crow reservation, weatherization under the Warm Hearts, Warm Homes program, and for heating assistance six remaining tribes.

Montana Department of Commerce

Indian Country Economic Development

Indian Country Economic Development (ICED) funds from the MDOC have been available to tribal governments since October 1, 2005. The 59th Montana Legislature made funds available to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of economic development projects. A total of \$400,000 is available annually from the program.

Primary Sector Workforce Training Grant

HB 270 transferred the administration of the Workforce Training Grant (WTG) program, established during the 2003 legislative session, from the Governor's Office of Economic Opportunity to the MDOC. The Legislative Auditor recommended this reorganization in an audit of the Governor's Office of Economic Opportunity.

A total of \$1.4 million is available annually from the program. The program is designed to encourage the creation of good-paying jobs in primary sector businesses.

Certified Regional Development Corporations

The 2003 Montana Legislature created the Certified Regional Development Corporations (CRDC) program. The legislative intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.

CRDCs are responsible for helping local officials, communities and businesses "assess, plan, and facilitate action" within their regions. CRDCs are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. CRDCs receive regional capacity building grants from the Montana Department of Commerce on an annual basis. Twelve CRDCs have been formed and placed under contract to provide technical assistance within their respective regions.

Big Sky Trust Fund

The Big Sky Economic Development Trust Fund, created by the 2005 Montana Legislature, was one of the major components of Governor's 2005 legislative agenda. The trust fund was created to aide in the development of good-paying jobs for Montana

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residents, and to promote long-term, stable economic growth in Montana. Earnings (interest only, not principal) from the trust fund are available for financial assistance to local governments and economic development organizations through application to the MDOC. Seventy five percent of trust fund earnings are awarded annually to local governments in the form of grants and loans for economic development projects that create new qualifying jobs for Montana residents.

Treasure State Endowment Program

The Treasure State Endowment Program (TSEP) is a state-funded grant program designed to assist local governments with the construction and repair of drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges in order to solve serious public health and safety problems. Eligible applicants for the TSEP program include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. The program provides grants for construction projects, preliminary engineering studies, and emergency situations.

Construction grants typically require a dollar-for-dollar match; however, the match can include other grants. Applicants are limited to requesting a maximum of \$750,000 for a construction project. TSEP accepts applications for funding construction projects in the spring preceding a legislative year. The MDOC reviews and ranks applications based on seven statutory priorities. Communities that are recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews the MDOC's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. The following table summarizes the type of projects that have been awarded construction grants.

TSEP CONSTRUCTION GRANTS APPROVED FOR FUNDING					
Legislature	Water	Wastewater / Storm Sewer	Combined Water / Wastewater	Solid Waste	Bridges
1993	10	5		2	2
1995	8	5			2
1997	10	11			1
1999	10	16			2
2001	12	16			3
2003	16	10	2	1	11
2005	11	15	1		13
Total Approved	83	78	3	3	34
2007 Applications	26	20	1		10
The total amount of TSEP dollars granted to complete the approved projects is over \$76 million. The <u>total cost</u> to construct all the approved projects is over \$340 million.					

The Legislature also appropriates funds for the MDOC to award grants for preliminary engineering studies. These non-competitive grants are especially useful to smaller communities that have problems to solve, but do not have the financial resources necessary to produce a preliminary engineering report that is required in order to apply for funds needed to complete a construction project. Grants for preliminary engineering are limited to \$15,000 and require a dollar-for-dollar match, but the match cannot include other state grants.

The Legislature also appropriates funds for the MDOC to award grants to remedy emergency situations. Grants for emergency projects are limited to \$30,000 and the applicant is expected to expend its own financial resources first.

Montana Board of Investments INTERCAP Revolving Loan Program

The INTERCAP Revolving Loan Program, offered by the Montana Board of Investments (MBOI), provides loans to Montana local governments for a wide variety of purposes. Local governments may use the program to provide short- and long-term loans and bridge financing. INTERCAP has made nearly \$18.9 million in loans to communities.

Montana Department of Natural Resources and Conservation

Renewable Resources Grant and Loan Program

The Renewable Resources Grant and Loan (RRGL) program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of the Montana Department of Natural Resources and Conservation (MDNRC) administers the program. Grant funding is limited to \$100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to legislative approval. The RRGL program has \$4.0 million available for grant funding each biennium. The next round of applications will be due in May 2006. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. Grants of up to \$10,000 are available, and must be matched on an equal basis by the project sponsor. Emergency grants of up to \$30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment.

Technical and Financial Assistance Program

The MDNRC and the Montana Department of Environmental Quality (MDEQ) co-administer Montana's Water Pollution Control State Revolving Fund (WPCSRF) and Drinking Water State Revolving Fund (DWSRF) Loan programs.

Water Pollution Control State Revolving Fund: The program is designed to combine federal grant money with state matching money to create a low interest loan program that funds community wastewater treatment projects. The U.S. Environmental

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Protection Agency (EPA) makes a grant of federal funds to the state. The state must match 20 percent of that grant. The state's share is derived from the sale of state general obligation bonds. MDNRC makes loans to public entities at an interest rate of 4 percent for up to 20 years.

Since the WPCSRF program started, the state of Montana has issued \$23,090,000 in general obligation bonds, and EPA has contributed more than \$114 million in grants. These state bonds and federal grants, together with nearly \$51 million in "recycled" (unpaid) loan funds, account for the \$187,958,747 program level.

Drinking Water State Revolving Fund Loans: The program provides funds for training, technical assistance, and issuing low interest loans to local governmental entities to finance drinking water facilities and implement the Safe Drinking Water Act. State enabling legislation was passed in 1995 and amended in 1997 after the U.S. Congress passed federal enabling legislation in August 1996. The MDNRC and MDEQ applied for the federal funds in January 1998.

The state has issued nearly \$14.8 million in general obligation bonds, EPA has obligated more than \$77 million, and \$12.5 million in recycled funds have been used to fund loans, for a program level of more than \$64,225,226.

LEVERAGING AND MATCHING OF FEDERAL DOLLARS

Federal funds will continue to be leveraged with nonfederal resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Many of Montana's recipients have contributed a large amount of matching funds with their projects. In fact, HOME recipients have provided enough matching funds to allow the state to carry match forward to future years, and allowing the HOME program to lower the match requirement. HOME program applicants are required to provide a minimum 5 percent match from eligible sources, down from 25 percent.

Grant recipients are encouraged to utilize funds from the private sector, state and local programs, and other sources to assist in meeting HUD matching requirements to increase the amount of funds available to provide affordable housing, expand economic opportunities, provide infrastructure, and/or improve community facilities.

III. STATEMENT OF SPECIFIC ANNUAL OBJECTIVES

Table 3A - Summary of Specific Annual Objectives

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number ⁵	Actual Number	Percent Completed
DH-1	Availability/Accessibility of Decent Housing						
DH-1.1	Enhance the availability / accessibility of decent housing by offering assistance for the acquisition/rehabilitation of <u>rental</u> units for LMI households	CDBG	<ul style="list-style-type: none"> Number of units acquired/rehabilitated <ul style="list-style-type: none"> Number of units qualified as Energy Star Number of units brought from substandard to standard condition Number of units created through conversion of nonresidential buildings to residential buildings 	2005			
				2006			
				2007			
				2008			
				2009			
			MULTI-YEAR GOAL				
DH-1.2	Enhance the availability / accessibility of decent housing by offering assistance for the acquisition/rehabilitation of <u>homeownership housing units</u> for LMI households	CDBG	<ul style="list-style-type: none"> Number of units acquired/rehabilitated <ul style="list-style-type: none"> Number of units qualified as Energy Star Number of units meeting Section 504 accessibility standards Number of households previously living in subsidized housing 	2005			
				2006			
				2007			
				2008			
				2009			
			MULTI-YEAR GOAL				
DH-1.3	Enhance the availability/accessibility of decent housing by offering new construction and rehabilitation of non-rental shelters ⁶ to LMI household	CDBG	<ul style="list-style-type: none"> Number of units constructed and rehabilitated <ul style="list-style-type: none"> Number of homeless person given overnight shelter Number of beds created in emergency housing 	2005			
				2006			
				2007			
				2008			
				2009			
			MULTI-YEAR GOAL				

⁵ Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, which may or may not be an accurate reflection of future fund distributions.

⁶ Youth group homes, domestic violence facilities, mental health facilities, homeless shelters, etc.

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Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ⁵	Actual Number	Percent Completed
	Specific Annual Objectives						
DH-2 Affordability of Decent Housing							
DH-2.1	Address the need for affordable decent housing by offering rehabilitation assistance to low and very low-income homeowner households	HOME	<ul style="list-style-type: none">Number of units rehabilitated<ul style="list-style-type: none">Number of units meeting Section 504 standardsNumber of units meeting Energy Star standards	2005			
				2006			
				2007	40		
				2008			
				2009			
		MULTI-YEAR GOAL					
DH-2.2	Address the need for affordable decent housing by offering down payment and closing cost assistance to low and very low-income households	HOME	<ul style="list-style-type: none">Number of households receiving homebuyer assistance<ul style="list-style-type: none">Number of first-time homebuyer meeting HUD's definitionNumber receiving homebuyer education/counselingNumber coming from subsidized housing	2005			
				2006			
				2007	110		
				2008			
				2009			
		MULTI-YEAR GOAL					
DH-2.3	Address the need for affordable decent housing by offering tenant-based rental assistance to low- and very low-income households	HOME	<ul style="list-style-type: none">Number of households provided with rental assistance<ul style="list-style-type: none">Number designated for the homeless<ul style="list-style-type: none">Number for the chronically homeless	2005			
				2006			
				2007	55		
				2008			
				2009			
		MULTI-YEAR GOAL					
DH-2.4	Address the need for affordable decent housing by offering assistance for the acquisition, rehabilitation and new construction of rental housing to serve low- and very low-income households	HOME	<ul style="list-style-type: none">Number of units rehabilitated<ul style="list-style-type: none">Number of units meeting Section 504 standardsNumber of units meeting Energy Star standardsNumber designated for persons with HIV/AIDS<ul style="list-style-type: none">Number for the chronically homelessNumber designated for the homeless<ul style="list-style-type: none">Number for the chronically homeless	2005			
				2006			
				2007	135		
				2008			
				2009			
		MULTI-YEAR GOAL					

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Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ⁵	Actual Number	Percent Completed
	Specific Annual Objectives						
DH-3 Sustainability of Decent Housing							
DH-3.1	Improve the sustainability of decent housing by offering assistance to revitalize a neighborhood to benefit LMI households.	CDBG	<div>▪ Number of LMI households assisted</div> <div>▪ Amount of money leveraged to benefit the neighborhood</div> <div>▪ Amount of slum/blight demolition</div>	2005			
				2006			
				2007			
				2008			
				2009			
		MULTI-YEAR GOAL					
DH-3.2	Improve the sustainability of decent housing by offering assistance to construct homes in a community to address “in-fill” opportunities to benefit LMI households.	CDBG	<div>▪ Number of LMI households assisted</div> <div>▪ Amount of money leveraged to benefit the neighborhood</div> <div>▪ Amount of slum/blight demolition</div>	2005			
				2006			
				2007			
				2008			
				2009			
		MULTI-YEAR GOAL					
SL-1 Availability/Accessibility of Suitable Living Environment							
SL-1.1	Enhance the need of the availability/accessibility of suitable living environments through the new construction of public facilities to benefit LMI households.	CDBG	<div>▪ Number of persons with new access to a facility or infrastructure benefit</div>	2005			
				2006			
				2007			
				2008			
				2009			
		MULTI-YEAR GOAL					

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Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ⁵	Actual Number	Percent Completed	
	Specific Annual Objectives							
SL-2 Affordability of Suitable Living Environment								
SL-2.1	Address the need of affordability of suitable living environments through providing targeted assistance ⁷ as part of community water & wastewater public facilities project to benefit LMI households.	CDBG	<ul style="list-style-type: none">Number of low or moderate-income persons servedLevel of target rate⁸ benefit provided through CDBG fundingNumber of households with new or improved access to public facilities	2005				
				2006				
				2007				
					2008			
					2009			
		MULTI-YEAR GOAL						
SL-3 Sustainability of Suitable Living Environment								
SL-3.1	Improve the sustainability of the suitable living environment through rehabilitation of existing public facilities ⁹ to a geographic area with an LMI percentage of 51% or higher.	CDBG	<ul style="list-style-type: none">Number of persons with improved access to the infrastructureNumber of person with new access to the infrastructure	2005				
				2006				
				2007				
					2008			
					2009			
		MULTI-YEAR GOAL						
SL-3.2	Improve the sustainability of the suitable living environment through rehabilitation of existing public facilities ¹⁰ designed to serve a specific clientele, comprised of predominately LMI households.	CDBG	<ul style="list-style-type: none">Number of persons with improved access to a facility	2005				
				2006				
				2007				
					2008			
					2009			
		MULTI-YEAR GOAL						

⁷ Targeted assistance to pay hookup charges and assessment fees on behalf of LMI households.

⁸ The MT CDBG program defines target rate.

⁹ Water and wastewater projects

¹⁰ Nursing homes, Head Start centers, senior centers, etc.

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Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ⁵	Actual Number	Percent Completed
	Specific Annual Objectives						
EO-1 Availability/Accessibility of Economic Opportunity							
Not applicable							
EO-2 Affordability of Economic Opportunity							
EO-2.1	Provide economic opportunity through improved or new affordability	CDBG	<div>▪ Number of loans/grants<ul style="list-style-type: none">▪ Number of new businesses assisted▪ Number of existing businesses assisted▪ Number of jobs created▪ Number of jobs retained</div>	2005			
				2006			
				2007	4		
				2008			
				2009			
		MULTI-YEAR GOAL					
EO-3 Sustainability of Economic Opportunity							
EO-3.1	Provide economic opportunity through improved or new sustainability	CDBG	<div>▪ Number of loans/grants<ul style="list-style-type: none">▪ Number of new businesses assisted▪ Number of existing businesses assisted▪ Number of jobs created▪ Number of jobs retained</div>	2005			
				2006			
				2007	4		
				2008			
				2009			
		MULTI-YEAR GOAL					
CR-1 Community Revitalization							
Not applicable							
O-1 Other							
Not applicable							

IV. OUTCOME MEASURES

Table 3C
Annual Action Plan
Planned Project Results

Outcomes & Objectives*	Performance Indicators	Expected Number¹¹	Activity Description
DH-1.1	Number of units acquired / rehabilitated		Acquisition/rehabilitation of rental units
DH-1.2	Number of units acquired / rehabilitated		Acquisition/rehabilitation of homeowner units
DH-1.3	Number of units constructed and rehabilitated		New construction and rehabilitation of non-rental shelters (youth group homes, domestic violence and mental health facilities, homeless shelters, etc.)
DH-2.1	Number of owner-occupied units rehabilitated	40	Rehabilitation assistance to low and very low-income homeowners
DH-2.2	Number of homebuyers assisted	110	Down payment & closing cost assistance to low and very low-income homebuyers
DH-2.3	Number households assisted	55	Tenant based rental assistance (TBRA)
DH-2.4	Number of rental units acquired, rehabilitated, and/or constructed	140	Acquisition, rehabilitation, construction of rental units
DH-3.1	Number of LMI households assisted		Neighborhood revitalization
DH-3.2	Number of LMI households assisted		"In-fill" home construction
SL-1.1	Number of persons with new access to a facility or infrastructure		New construction of public facilities
SL-2.1	Number of LMI households served		Targeted assistance as part of community water and wastewater public facilities project
SL-3.1	Number of persons with improved access to the infrastructure		Rehabilitation of an existing public facility (water and wastewater public facilities)
	Number of persons with new access to the infrastructure		
SL-3.2	Number of persons with improved access to the facility		Rehabilitation of an existing public facility (nursing home, Head Start center, senior center, etc.)
EO-2.1	Number of loans/grants	4	Loans and grants to small businesses
EO-3.1	Number of loans/grants	4	Loans and grants to small businesses
*Use one of 9 outcome/objective categories:			
	Availability/Accessibility	Affordability	Sustainability
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

¹¹ Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, which may or may not be an accurate reflection of future fund distributions.

V. METHOD OF DISTRIBUTION

The state uses a variety of methods to distribute funds to local governments and nonprofit organizations to carry out activities it will undertake, using funds expected to be received during the program year for the HOME, CDBG, and ESG programs.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The goal of the HOME program, administered within the MDOC Housing Assistance Bureau, is to expand the supply of decent, safe, affordable housing for low- and very low-income Montana families. The program achieves this goal through a wide range of eligible activities, including tenant-based rental assistance; down payment and closing cost assistance to homebuyers; property acquisition; new construction; reconstruction, relocation, and rehabilitation of property; site improvements; and other activities to develop non-luxury housing.

Entities eligible to access the state's HOME Program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), Community Housing Development Organizations (CHDOs) certified by the MDOC, and Montana public housing authorities (PHAs). HOME entitlement cities (currently Billings, Great Falls and Missoula) receive HOME funds directly from HUD and, as such, receive and process all HOME applications for projects within their city limits. Entitlement cities and the CHDOs and PHAs operating within their boundaries are generally not eligible to access MDOC HOME funds.

The HOME program expects to receive \$4.3 million in 2007 funds¹², which it distributes through both competitive and non-competitive processes.

Competitive Application Process

The HOME program, through a process of application and competitive ranking, will commit project funds early in the second quarter of 2007, with applications due February 16, 2007. This timing allows grantees to take advantage of the 2007 construction season and allows for better coordination with projects that involve Low Income Housing Tax Credits.

Housing needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing needs. Generally, it was inferred from the household forecast and the telephone survey conducted for the *Montana Housing Needs Assessment*¹³ that all degrees of housing needs in the state were either medium or high priority. Because of the limited availability of resources and the variety of housing needs, the HOME program leaves it up to **each community, through detailed local**

¹² Based on 2006 HUD allocation to the HOME program; 2007 allocation not yet available.

¹³ *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004; http://housing.mt.gov/Hous_CP_HsgNeedsAssess.asp

analyses, studies and needs assessments, to determine its own highest priority housing need. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

The maximum request for a HOME project is \$500,000 (including soft costs) for rental rehabilitation, tenant based rental assistance (TBRA), and new construction. CHDOs receive a minimum 15 percent set-aside of each fiscal year allocation to perform ownership, sponsorship, and development of housing activities. The entitlement cities and the CHDOs and PHAs operating within their boundaries are not eligible to apply for MDOC HOME funds unless a second round of competition is proposed.

Application Selection Criteria

Grantees (including all entities of a joint application) currently administering a HOME grant are eligible to apply for an additional HOME grant if:

- The grantee is in compliance with the project implementation schedule contained in its HOME contract with MDOC;
- There are no unresolved audit, monitoring, or performance findings for any previous HOME grant awarded to the applicant;
- Any open 2006 grant has 50 percent of the project funds drawn down by February 16, 2007;
- Any open 2005 grant has 75 percent of the project funds drawn down by February 16, 2007; and
- All grants over two years old (FFY 2004 and earlier) are completed and conditionally closed out before February 16, 2007.

All projects under consideration for a HOME grant award are evaluated using the following criteria:

Financial Management.....	200 points
Program Management	100 points
Project Planning	100 points
Capacity Determination	<u>200 points</u>
Total points possible.....	600 points

In addition, a possible **50 bonus points** are available for innovative design in energy efficiency and green building.

Applications for funding must receive at least a total 300 points and receive at least 100 Management Points in order to be eligible for funding. Bonus Points CANNOT be used to bring an application receiving less than 300 points up to a fundable level.

Specific guidelines that relate to the HOME program may be obtained by contacting the MDOC Housing Division or by viewing the program's website at the following address:

http://housing.mt.gov/Hous_HM_Apps.asp

Single Family Allocation Pilot Program – Noncompetitive

At the urging of several grantees, the HOME Program simplified its allocation process during program year 2006, improving equitable distribution of HOME funds throughout the state and using this limited resource of funds in a more strategic, noncompetitive manner. The change impacted only those grantees interested in conducting homebuyer assistance (HBA) and homeowner rehabilitation (HOR) programs.

Pilot Program Basics:

- The HOME program dedicates half of its annual allocation to HBA and HOR programs. The remaining half of the HOME allocation is used for multi-family/rental projects. The rationale for using half of the allocation is based on the history of grants made from the HOME program. For the 2007 program year, the MDOC anticipates a single-family set-aside of approximately \$2 million.
- Cities, towns, counties, and CHDOs submit a qualification package. There is no deadline, no application, and no scoring. HOME program staff reviews the qualification package within 60 days of receipt. Once an entity is qualified, it enters into a two-year contract with the MDOC and begins conducting its single-family program. An abbreviated recertification process is required every two years.
- The HOME program ensures distribution of funds throughout the state by using a formula to divide funds by districts of counties, which for the most part, follows the HRDC districts. (See table on page 40.)
- For program year 2006, funds are reserved for each district for 18 months from the time MDOC received its HOME allocation from HUD to allow for program start-up. After 18 months (November 2007), unused funds will be made available to other qualified entities on a statewide basis. Beginning in program year 2007, the reservation period for each district will change to 12 months.
- Funds may be reserved for 120 days for HBA for existing homes and 180 days for HBA for homes being constructed. This follows the MBOH standard for single-family mortgages. Similarly, funds may be reserved for 180 days for HOR, based on the experience of existing HOR programs. Note: These deadlines are from the time a participant has been identified and qualified to participate in the program to the time the transaction is completed; not from the time funds are available to the time of completion.
- The HOME program reserves funds for a specific homebuyer or homeowner once an entity submits a completed set-up report. The HOME program has a dedicated e-mail address to which set-up reports may be submitted. Upon receiving the set-up report, the HOME program reserves funds from the applicable district's pool of funds for the specific homebuyer or homeowner. Entities then have 120/180 days to draw

funds, complete the transaction, and submit a completion report. The 120/180-day deadline is to prevent entities from reserving funds before the funds are actually needed.

- There continues to be a 5 percent match requirement for each homebuyer or homeowner assisted.
- Entities may collect administration fees as soft costs; a 12 percent fee for HOR programs and a flat fee of \$1,500 for HBA programs.

Qualification Package Requirements:

- Submit a Management Plan, following existing Management Plan templates for single-family programs.
- Conduct an Environmental Review and prepare an Environmental Review Record, which needs to be renewed, at a minimum, every five (5) years. As part of this requirement, designate an Environmental Certifying Official for every county within which the entity plans to conduct its programs.
- Outline procedures for complying with Lead-Based Paint regulations.
- Submit a Public Outreach Plan for the entity's entire jurisdiction. For those conducting HBA programs, this must include outreach to those living in public housing and manufactured housing.
- Provide evidence of public support from city and/or county officials.

Specific guidelines that relate to the Single Family Allocation Pilot Program may be obtained by contacting the MDOC Housing Division or by accessing the website:

http://housing.mt.gov/Hous_HM_SF.asp

American Dream Downpayment Initiative Funds

The majority of the MDOC's ADDI funds will be granted as part of the set-aside for single-family programs described above. A household may receive a maximum of \$10,000 in ADDI funds; however, grantees may combine ADDI funds with regular HOME funds to provide more assistance to a household. Grantees that receive ADDI funds must demonstrate that they are conducting outreach to residents of public and manufactured housing. Additionally, recipients of ADDI funds must complete a homebuyer education course and must provide documentation to verify they are first-time homebuyers.

A portion of Montana's ADDI funds will be allocated non-competitively to the state's three entitlement cities: Missoula, Great Falls, and Billings, which are not large enough to receive an ADDI allocation directly from HUD. Since the MDOC's allocation of ADDI funds is based upon the number of low-income renters in the state relative to the number of low-income renters in the nation, the MDOC will grant funds to Missoula, Great Falls, and Billings based on the number of low-income renters in each city relative to the number of low-income renters in Montana. The cities will not be required to

submit applications to the MDOC, but will be required to demonstrate a viable plan for disbursing the ADDI funds in a timely manner.

Program Income

The HOME program expects that an undetermined amount of program income will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income generated and use the funds for HOME-eligible activities:

- If program income is earned by a grantee before closeout of a project, it must be added to funds committed to the project and used to support eligible activities before the grantee can request an additional drawdown of funds.
- If a grantee previously received a HOME award for a project that has not been closed out and they receive an additional HOME award at a later date, the program income from the earlier project must be expended on eligible activities under the new project before the grantee can request funds from its new grant allocation.
- If a grantee receives any program income after project completion and grant closeout, these funds must be reported on a quarterly basis to the HOME program and may be used for additional HOME eligible activities, according to the terms of the grant closeout agreement and approved program income plan.

COMMUNITY DEVELOPMENT BLOCK GRANT

CDBG Program Categories

The basic categories for local community development projects are housing and neighborhood renewal, public facilities, and economic development. Some of the activities that can be carried out with CDBG funds include the acquisition of real property; rehabilitation of residential and nonresidential properties (including special facilities for the handicapped); construction of new, affordable housing (when sponsored by a nonprofit organization); provision of public facilities and improvements such as water, sewer, or solid waste facilities, or senior citizen centers; and assistance to for-profit businesses to promote economic development activities that will result in the creation or retention of jobs.

Housing and Neighborhood Renewal Projects

For housing and neighborhood renewal, CDBG funds are most often used to make low or no-interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or moderate-income households. CDBG funds can also be used to finance or subsidize the construction of new, permanent residential units where the CDBG funds will be used by a local nonprofit organization. Housing

projects can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing.

Transitional (temporary) housing is eligible under the housing and neighborhood renewal category. The acquisition of sites for new housing and conversion of existing nonresidential structures for residential use are also eligible CDBG housing activities.

Public Facility Projects

For public facility projects, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer systems and other public facilities. During the last several years, communities have also utilized the CDBG program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, Head Start centers, public nursing home facilities, and public hospitals in rural communities.

Economic Development Projects

For economic development, Montana's CDBG program is designed to stimulate economic development activity by assisting the private sector, in order to create or retain jobs for low- and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the Economic Development Administration (EDA) and Small Business Administration (SBA). The program is also encouraged to complement the Montana Department of Commerce programs for business assistance administered by the Business Resources Division, such as the Regional Development program and the state Micro Business Finance program, as well as programs administered by the Montana Board of Investments.

The CDBG Economic Development program is designed to assist businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure, and other improvements in support of economic development, such as water and sewer lines, sidewalks, and access roads; loans for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, or working capital; grants for job training; and grants or loans from communities to nonprofit entities.

The CDBG Economic Development program provides instructions and descriptions of criteria used to select applications for funding. The annual application guidelines provide a checklist of items that applicants must provide narrative and/or documentation for in their funding applications. Each point in the checklist corresponds to a chapter in the application guidelines, or appendix where local governments can utilize document templates, examples, and find detailed information for compiling their project applications. This checklist corresponds to an internal checklist used to review applications for completeness:

Guaranteed Loan Funds

The state does not currently anticipate aiding nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M (the Section 108 Loan Guarantee Program). However, HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

Community Revitalization

The state does not elect at this time to set forth community revitalization activities as a principal grant activity. Local government grantees are urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing and neighborhood renewal or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

Funding

Annual CDBG Grant

The Community Development Division (CDD) and the Business Resources Division (BRD) of the MDOC administer the CDBG program. For the plan year beginning April 1, 2007, the state estimates it will receive \$6,886,683¹⁴ in federal CDBG funds, the same amount as in FFY 2006. Of these dollars, one-third, or approximately \$2.2 million, would be allocated for economic development projects, administered by the BRD. Nearly \$4.4 million would be split between public facility projects (\$2.7 million), housing and neighborhood renewal projects (\$1.5 million), and planning grants (\$225,000), administered by the CDD.

Funds Recaptured by the State from Units of General Local Government

Any funds recaptured by the state from units of general local government that received previous annual grants will be distributed to other units of general local government using the same method of distribution that currently governs the programs.

Funds Reallocated to the State by HUD

Any funds that are reallocated to the state by HUD at the time the annual grant is awarded will be distributed to units of general local government using the same method

¹⁴ Based on 2006 HUD allocation to the CDBG program; 2007 allocation not yet available.

of distribution that currently governs the programs and/or by any rules imposed by HUD as a condition of receiving the reallocated funds.

Program Income

The CDD and BRD anticipate that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

Grant Ceilings

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

<u>Type of Grant</u>	<u>Ceiling</u>
Housing & Neighborhood Renewal	\$ 450,000
Public Facilities	\$ 450,000
Planning – Public Facilities and Housing & Neighborhood Renewal	\$ 15,000
Economic Development	\$ 400,000
Planning – Economic Development	\$ 15,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other proposed funding sources, to complete the proposed activities within 24 months from the date of the announcement of grant award by the MDOC. There are no minimum amounts required for CDBG requests, although requests under \$100,000 generally are not cost-effective due to the administrative requirements that accompany the program. Communities applying for economic development funding can continue to apply for funding throughout the program year until they have reached the maximum amount of \$400,000 per local government.

Existing grantees must significantly drawdown their current funds before they are eligible to apply for additional program funds. Each local government may apply for one housing and neighborhood renewal project and one public facility project each program year. Montana's three entitlement cities, Billings, Great Falls, and Missoula are not eligible to apply for state CDBG funding since they receive their own CDBG funds directly from HUD.

Application Selection Criteria

Housing and Neighborhood Renewal

General-purpose local governments, towns and cities under 50,000 in population and counties, are eligible applicants for CDBG funds. Funds distribution for the CDBG

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Housing and Neighborhood Renewal category is based on annual grant competitions. Housing and Neighborhood Renewal applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

1. Community Planning & Citizen Participation	150 Points
2. Need	150 Points
3. Project Strategy and Community Efforts	200 Points
4. Benefit to Low- and Moderate-income	150 Points
5. Implementation and Management	<u>150 Points</u>
TOTAL:.....	800 Points

Additional information on Housing and Neighborhood Renewal Grant Application Guidelines can be accessed on the web at:

http://comdev.mt.gov/CDD_CDBG_Hous.asp

Public Facilities

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1. Community Planning & Citizen Participation	125 Points
2. Need for Project	125 Points
3. Project Concept and Technical Design	100 Points
4. Community Efforts	75 Points
5. Need for Financial Assistance	150 Points
6. Benefit to Low- and Moderate-income	100 Points
7. Implementation and Management	<u>125 Points</u>
TOTAL:.....	800 Points

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a public facilities application to be considered for funding is 475. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Additional information on Public Facility Grant Application Guidelines can be accessed on the web at:

http://comdev.mt.gov/CDD_CDBG_PF.asp

Housing and Neighborhood Renewal and Public Facilities Planning Grants

The CDBG Program uses five criteria to evaluate planning grant proposals and to rank the applications in the likely event that the total requests exceed available funding. Planning Grant applications may be assigned up to a maximum of 350 points. The ranking criteria and weightings are:

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1. Relationship to Long-Term Community Planning.....	100 Points
2. Need for Planning Activity.....	100 Points
3. Community Efforts and Financial Need.....	50 Points
4. Benefit to Low and Moderate Income	50 Points
SUB-TOTAL POINTS: 300 Points	
5. First-Time Recipient and/or Innovative Proposals	Bonus Points: 50 Points
TOTAL POINTS: 350 Points	

See the application guidelines for the CDBG program on the Web at:

http://comdev.mt.gov/CDD_CDBG_PGAG.asp

Economic Development

It is anticipated that the CDBG-ED Guidelines will be available in February 2007 and the CDBG-ED Planning Grant Guidelines will be available in May 2007. Applications are received and funds are awarded on a continuous cycle until all funds are committed. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation.

Eligible applicants are local governments, which usually contract with local development organization to loan funds to for-profit businesses that agree to create jobs for low- and moderate-income persons. The applicant business must prepare a business plan and meet certain thresholds, including providing a 1:1 dollar match. Each application is reviewed by MDOC staff and a loan review committee that makes recommendations to the MDOC Director. The director makes a final funding decision.

For-profit businesses applying to the CDBG-ED program under the sponsorship of a local government must meet certain thresholds to be considered for funding. The CDBG-ED program provides instructions and descriptions of criteria used to select applications for funding. The annual application guidelines provide a checklist of items that applicants must provide narrative and/or documentation for in their funding applications. Each point in the checklist corresponds to a chapter in the application guidelines, or appendix where local governments can utilize document templates, examples, and find detailed information for compiling their project applications. This checklist corresponds to an internal checklist used to review applications for completeness.

Preliminary Steps

IN PROCESS	COMPLETED	N/A	ACTION
			1. Business approaches the local government, local development corporation, or some other entity with a proposal.

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IN PROCESS	COMPLETED	N/A	ACTION
			2. Local government and/or local development corporation and business consult with its Regional Development Officer (RDO) to see if the proposal is a good fit for the CDBG-ED program. Does the project meet CDBG-ED business thresholds? See <i>Introduction</i> for list of RDOs and <i>Chapter I</i> for general requirements.
			3. Minimum 1:1 match. See <i>Chapter II, Matching Funds</i> .
			4. Cost per job created or retained: See <i>Chapters I & II</i> . a. No more than \$25,000 of activity funds per job created or retained for loans
			b. No more than \$35,000 of activity funds per job created or retained in an area that has a population of at least 51% low- and moderate-income persons
			c. No more than \$5,000 per employee trained under Customized Training for Employees
			d. No more than \$7,500 per disabled employee trained under Customized Training for Employees
			5. Business can show minimum 51% benefit to LMI. See <i>Chapter II, Benefit to Low and Moderate-Income Persons</i> .
			6. Business drafts a Hiring and Training Plan for RDO's review. See <i>Guidelines, Chapter III, Hiring and Training Plan</i>
			7. RDO and business owner make preliminary review of financials. See <i>Chapter III, Business Plan</i>
			8. The assisted business secures matching funds with commitments. See <i>Chapter I, Matching Funds</i> .
			9. RDO and business owner discuss expected timeline for business owner's need for money.
			10. If business does not have a D-U-N-S number, it registers for one. See <i>Chapter III, D-U-N-S Numbers</i> .
			11. Business reviews US Census Bureau's NAICS codes for proper business classification. See <i>Chapter III, NAICS Codes</i> .
			12. For infrastructure projects: a. Preliminary architecture or engineering report has been completed and costs are estimated. See <i>Chapter I, Business Infrastructure Projects</i> .
			b. If the local government desires to retain the services of the architect or engineer that completed the preliminary report for final design, the local government can demonstrate that services were procured in accordance with state law and MDOC procurement policy. See <i>Appendix K</i> .

If the proposal is determined to be a good fit for the CDBG-ED program, then the local government initiates the CDBG-ED application process.

Application Process

IN PROCESS	COMPLETED	N/A	ACTION
			1. An RDO must be consulted during the preparation of the application. Applications will be reviewed and analyzed by staff on a "first come, first served" basis, as determined by the date the full application is found to be complete by the Department. CDBG-ED staff and RDOs will work closely with applicants during the review process to negotiate any changes and resolve issues identified during the review. Staff may consult with the contact persons from the business and the applicant community before an application is accepted as complete.
			2. The application is considered complete when all requirements have been met, the initial financial review indicates that the project has the potential to be financially feasible, and the project is properly structured. Once the application is considered complete, RDOs will prepare a report for the MDOC Loan Review Committee. If the application is considered incomplete, CDBG-ED staff will explain in writing the items needed to complete the application.
			3. Local Government conducts a needs assessment in accordance with CDBG-ED guidelines, or provides detailed information on a recently completed assessment that addresses housing, infrastructure, and economic development. Contact CDBG-ED staff for a copy of <i>"The Community Needs Assessment Process."</i> See <i>Guidelines, Chapter II, Citizen Participation, & Appendix I.</i>
			4. Local Government holds <u>first</u> public hearing – may occur before business comes forward: See <i>Guidelines, Chapter II.</i>
			a. Held not more than <u>12 months before</u> submitting application.
			b. Provides general description of CDBG and other funding programs: purpose, uses, funds available, application deadlines, status of commitment, etc.
			c. Elicits public comment on community's needs assessment.
			d. Solicits for businesses that may be interested in applying for a CDBG-ED loan.
			5. Local Government holds <u>second</u> public hearing: See guidelines, <i>Chapter II, Citizen Participation.</i>
			a. Held not more than <u>2 months before</u> the date of the application.
			b. Gives citizens and potential beneficiaries adequate opportunity to review and comment on the application before it is submitted.
			6. The assisted business finalizes matching funds and commitments.
			7. The assisted business secures buy/sell agreement, if applicable. See <i>Chapter II, Acquisition.</i>

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IN PROCESS	COMPLETED	N/A	ACTION
			8. The assisted business conducts income surveys and racial category forms for retained positions. See <i>Chapter II, Benefit to Low and Moderate-Income Persons, & Appendix S</i> .
			9. Each local government's CDBG-ED application needs to review and/or complete the following, required appendices; and document that required application areas as described in Chapters II and III are addressed. Having these appendices appear in the order in which they are listed will expedite the review process: a. Complete Appendix A , <i>Montana Department of Commerce Economic Development Project Application Form</i>
			b. Appendix B – Complete the <i>Local Government and Business Application Certification</i> form
			c. Appendix C – Review and sign the Acceptance of CDBG Program Requirements (<i>Certifications for Application</i>)
			d. Appendix D – Identify <u>and provide a description</u> on how the proposal addresses at least one of the <i>State Objectives for the Montana Department of Commerce, Community Development Block Grant Program</i>
			e. Appendix E – Complete the <i>Preliminary Environmental Checklist for CDBG-ED Applications</i> and provide sources used for information.
			f. Appendix F – Review the <i>Percent Low to Moderate Income (LMI) for Montana Counties, Cities, and Places (1990 Census)</i> – for area-wide projects.
			g. Appendix G – Review the <i>CDBG Technical Assistance Publications</i> , and contact the MDOC for copies of any publications needed.
			h. Appendix H – Pass a <i>Resolution to Authorize Application</i> .
			i. Appendix I – Review <i>Public Hearing Procedure and Sample Formats for Public Hearing Announcements</i> .
			j. Appendix J – Review <i>Revolving Loan Fund Plan Sample</i> , and draft a plan for submittal.
			k. Appendix K – Review the Department's <i>Procurement Policy</i> .
			l. Appendix L - Draft <i>Sub-Recipient Agreement</i> (or equivalent) if utilizing a local development organization.
			m. Appendix M – Draft a <i>Management Plan</i> .
			n. Appendix N – Complete a <i>Sources/Uses Form and Pro-Forma Balance Sheet</i> (or equivalent) AND provide narrative on each funding source: status of commitment, availability, etc.

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IN PROCESS	COMPLETED	N/A	ACTION
			o. Appendix O – Draft a <i>Hiring and Training Plan</i> (or equivalent).
			p. Appendix P – Complete an <i>Implementation Schedule</i> .
			q. Appendix Q – Complete a <i>Confidentiality Agreement and Affidavit</i> .
			r. Appendix R – Draft an <i>Inter-local Agreement</i> , (if a multi-jurisdictional project).
			s. Appendix S – Complete <i>Income Certification Forms and Racial/Ethnicity Categories Forms</i> for job retention projects.
			t. Appendix T – Submit <i>Business Plan</i> . Contents need to include the following: See <i>Chapter III, Business Plan</i> .
			i. Business Description
			ii. Management Description
			iii. Market Analysis
			iv. Financial Statements
			v. Projections
			vi. Debt Schedule
			vii. Working Capital Needs
			viii. Personal Financial Statements
			ix. Personal Credit check Release
			x. Private Sector Commitments
			xi. Public Sector Commitments
			u. Appendix U – Submit draft <i>Grant Assistance Agreement</i> , for customized employee training agreements.
			v. Provide narrative and supporting documentation (such as a copy of the needs assessment process) describing the community's needs assessment process. See <i>Chapter II, Community Development Needs Assessment</i> .
			w. Provide narrative and supporting documentation (public announcements, minutes, and attendance sheets) describing the public hearing process and results. See <i>Chapter II, Citizen Participation</i> .
			x. Provide narrative describing how the proposal will show benefit to at least 51% low and moderate-income persons. See <i>Chapter II, Benefit to Low and Moderate-Income Persons</i> .
			y. Provide narrative describing how the proposal addresses the state's community development objectives. See <i>Chapter II, State Community Development Objectives</i>
			10. Maps - Local government obtains copies of maps showing location of assisted business/project area, and copy of FEMA map designating area of floodplain. See <i>Chapter II, Maps</i> .
			11. <u>Questions to ask before submittal of application:</u>
			a. Are project costs reasonable?

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IN PROCESS	COMPLETED	N/A	ACTION
			b. Are all sources of project financing committed?
			c. Is the project financially feasible?
			d. To the extent practicable, the return on the owner's equity investment will not be unreasonably high?
			e. Are the matching funding sources committed, and are there letters of commitment from each source?
			f. Has the application demonstrated a need for CDBG-ED assistance?
			g. Have all other sources for funding been explored and rejected (documented)?
			h. For health care facilities, has the Health Facility Authority (Montana Board of Investments) been contacted?
			i. Is there sufficient equity and collateral to meet the lending requirements of private lending institutions?
			j. Can the assisted business contribute sufficient equity to the project to meet the debt/net worth requirements of traditional lenders?
			k. Has the applicant considered the quality of the jobs and the wages they pay?
			l. Is the management experienced in the type of business activities it proposes, and has it demonstrated a capacity to successfully manage it?
			m. Are the projected earnings realistic and attainable? Are they supported by historical trends and industry norms? Do the projections indicate that cash flow will be sufficient to support the proposed increased debt?
			n. Are CDBG-ED funds adequately secured with all reasonably available assets and/or personal guarantees?
			o. If the proposal involves the purchase of a business, has an appraisal been completed, and is there a buy/sell agreement in place?
			p. Does the application support a sound, well-reasoned proposal with a strong indication that the business will enjoy success if CDBG-ED funds are received?
			q. Will the project be ready to proceed upon notification of tentative award of CDBG-ED funds and be ready to begin immediately?
			r. Does the application demonstrate that the project will support itself over time and not impose a burden on the local government or non-profit entity participating in the project?

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IN PROCESS	COMPLETED	N/A	ACTION
			12. <u>Three (3) copies of each application is required for submission:</u> a. <u>Two copies (one original and one copy) of the application must be submitted to the Business Resources Division</u> of the Montana Department of Commerce (see address on cover page) using the form in <i>Appendix A</i> and <u>all</u> other appropriate documentation to fully respond to these application guidelines.
			b. <u>One additional copy</u> must be sent to the Regional Development Officer responsible for the area that is submitting an application.

Funds are awarded on a first-come, first-served basis, if the thresholds and underwriting criteria are met, until all funds are committed. See complete application guidelines for the CDBG-ED program on the Web at:

http://businessresources.mt.gov/BRD_CDBG_Appl.asp

Economic Development Planning Grants

The Business Resources Division also sets aside approximately \$225,000 in CDBG-ED funds for economic development planning, capacity building, and technical assistance grants. For plan year 2007, the BRD intends to use the set-aside funds for activities similar to those funded in recent years, but will establish specific application policies by May 2007. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Funds not utilized for this category may be used for the regular CDBG-ED program. Specific information may be obtained on the Web at:

http://businessresources.mt.gov/BRD_CDBG.asp

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants, administered by the MDPHHS Intergovernmental Human Services Bureau, help improve the quality of existing emergency shelters for the homeless, make additional shelters available, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The 10 regional Human Resource Development Councils (HRDCs) receive 95 percent of the grant funds. (See table on page 42.) The MDPHHS retains the remaining 5 percent for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and provide follow-up and long-term services to help homeless persons escape poverty. The regional HRDCs determine which shelters are assisted and the services delivered.

The Montana Emergency Shelter program distributes funds to each HRDC based upon a formula allocation contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant. The amount of funds allocated is based on poverty levels and general population in each service area, relative to the

poverty and general population of the entire state. All HRDCs will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken.

VI. ALLOCATION PRIORITIES AND GEOGRAPHIC DISTRIBUTION OF FUNDS

Montana is the fourth largest state, encompassing more than 147,000 square miles (see map on page 43); 607 square miles more than Maine, South Carolina, West Virginia, Maryland, Hawaii, Massachusetts, Vermont, New Hampshire and Delaware combined. Housing and community development needs vary widely across the state; the extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. Because of the limited availability of resources and the extent of community development and housing needs, each of the three formula grant programs has developed its own methods to address priority needs and geographic distribution.

Developed from local input across the state, the priority needs outlined in the 2005-2010 Consolidated Plan address a variety of needs for affordable housing, and community and economic development. The plan represents a wide array of needs; while one community may need rental housing production at a particular site, another community may need homeowner rehabilitation over scattered sites. For the state to address its community needs, the three formula grant programs need a level of flexibility for eligible activities to be undertaken. The state firmly believes that **it is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.** The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level for any given activity identified in the Consolidated Plan.

GEOGRAPHIC DISTRIBUTION

The geographic distribution for each formula grant program will be different due to the difference in each program and the federal regulations governing them. The following is a summary of each program's geographic distribution system.

CDBG

Montana's general-purpose local governments, 126 towns and cities under 50,000 in population and 56 counties are eligible applicants for CDBG funds. (See map, page 43.) Montana's three entitlement cities, Billings, Great Falls, and Missoula are not eligible to apply for state CDBG funding since they receive their own CDBG funds from HUD.

Funds distribution for the CDBG **housing and neighborhood renewal** and the **public facility** categories is based on annual grant competitions. The maximum grant request in each category is \$450,000. Existing grantees must significantly drawdown their prior award(s) before they are eligible to apply for additional program funds. Each local

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government may apply for one housing and neighborhood renewal project, one public facility project, and one planning grant each program year.

Grant applications for the CDBG **public facility** and **housing and neighborhood renewal** categories for FFY 2007 were accepted in FFY 2006 (see following table). The map on page 44 depicts the geographic distribution of funds for the public facility category.

**Community Development Block Grant Program
FFY 2007 Public Facilities Competition
Application Summaries (in Alphabetical Order)
May 2006**

Applicant	Type of Project	CDBG Funds Requested	Estimated Total Project Cost	Community Information (Proposed)			
				Population Served	# of Households	Benefit to LMI Households	# of Hookups
Town of Bainville (Roosevelt Cnty)	Wastewater System Improvements	\$450,000	\$1,468,608	153	72	62%	78
Town of Big Sandy (Chouteau Cnty)	Wastewater Improvement Project	\$450,000	\$2,049,318	656	296	63%	340
Cascade County (On behalf of Upper / Lower River Rd Water & Sewer District)	Water Distribution / Wastewater Collection – Phase 2	\$450,000	\$2,001,400	327	121	100%	121
Town of Darby (Ravalli Cnty)	Water System Improvements	\$450,000	\$5,643,111	814	338	60.1%	400
Town of Ekalaka (Lincoln Cnty)	Water and Wastewater Improvements	\$450,000	\$1,412,738	410	195	65%	400
Gallatin County (on behalf of Rae Water & Sewer Dist.)	Water System Improvements	\$450,000	\$1,608,051	772	314	57.5%	348
City of Harlem (Blaine County)	Water System Improvements	\$450,000	\$2,230,000	848	332	60%	450?
Town of Jordan (Garfield Cnty)	Sewer Project	\$450,000	\$1,422,953	364	275	56.3%	272
Lewis & Clark County (for Fairgrounds / Dunbar area)	Water Improvements	\$254,097	\$1,449,637	120	40	65%	87
Town of Neihart (Cascade Cnty)	Water System Improvements	\$100,000	\$448,000	91	44	60%	98
Town of Pinesdale (Ravalli Cnty)	Water System Improvements	\$450,000	\$1,760,000	829	140	76.2%	154
Pondera County (on behalf of Brady Water & Sewer Dist.)	Wastewater Improvements	\$450,000	\$3,138,000	145	82	59%	96
Roosevelt County	Public Services Facility Construction	\$270,582	\$367,263	5,310	2,010	81.3%	NA
City of Shelby (Toole Cnty)	Head Start Facility	\$450,000	\$765,500	3,304	1,196	100%	NA

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Applicant	Type of Project	CDBG Funds Requested	Estimated Total Project Cost	Community Information (Proposed)			
				Population Served	# of Households	Benefit to LMI Households	# of Hookups
Town of Whitehall (Jefferson Cnty)	Wastewater System Improvements	\$450,000	\$3,462,100	1,111	420	67.8%	549
Total		\$6,024,679	\$29,226,679				
Estimated CDBG Public Facility Funds Available		\$2,600,000					

While the state will know the geographic distribution for the applications received (after the December 8 application due date) for the **housing and neighborhood renewal** category, it does not know the ultimate distribution of those funds at the time the Action Plan is submitted to HUD.

The state distributes the **planning grant** funds through a competitive application process. The maximum planning grant ceiling is \$15,000 for the plan year. Applications for the FFY 2007 planning grant funds will be accepted in April 2007 and awarded in June 2007; therefore, the state cannot predict the ultimate geographic distribution of the planning grant assistance.

The **economic development** component of the CDBG program, which receives one-third of the annual allocation to the state of Montana, accepts applications on a continuous cycle until all funds are committed. Since the state distributes economic development funds through a competitive, first-come, first serve process, it cannot predict the ultimate geographic distribution of the assistance.

FFY 2007 CDBG Grant Application Deadlines	
Type of Grant	Deadline
Planning Grants -Housing & Neighborhood Renewal and Public Facilities Grant Announcement	04/20/2007 07/2007
FFY 2007 Public Facilities Grants Grant Announcement	05/26/2006 11/2006
FFY 2007 Housing & Neighborhood Renewal Grants Grant Announcement	12/08/2006 03/2007
FFY 2007 Economic Development Grants	Open Cycle

HOME

Eligible applicants to Montana's HOME program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), CHDOs certified by the MDOC, and Montana public housing authorities. Generally, the cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries, are not eligible to apply.

Competitive Grants: Approximately one-half of the HOME program's annual funding is allocated to competitive grants. During the initial grant competition, the cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries,

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are not eligible to apply. If all HOME funds are not awarded due to insufficient applications meeting the minimum funding threshold, the remaining funds may be awarded through a second round of competition. If a second round of competition is held, it will be open to all local governments (including Billings, Great Falls, and Missoula), CHDOs, and public housing authorities within the state.

Competitive grant applications for FFY 2007 funds will be due February 16, 2006, with funding announcements expected approximately two to three months later; therefore, the state cannot predict the ultimate geographic distribution of the 2006 grant funds.

Non-Competitive Grants: The remaining half of the HOME program's annual funding is allocated non-competitively through the Single-Family Allocation Pilot program. The pilot program is an allocates of HOME funds for **homebuyer assistance** (HBA) and **homeowner rehabilitation** (HOR) activities throughout the state. The funds are distributed by formula, based on population and the age of housing, among 11 districts of the state. (See the following table.)

2007 Estimated Single-Family Allocation

District / Geographic Area		Population Estimates			Allocation Based on Population	Age of Housing				Allocation Based on Hsg Age	Allocation: District Total
		County Population	% of State	District Total		Total # of Hsg Units	Tot. # built after 1940	% of Hsg Units	District Total		
Montana		711,595				323,134	59,187				\$1,987,454
District 2	Daniels	1,844				1,154	426				
	Garfield	1,218				961	276				
	McCone	1,775				1,087	252				
	Roosevelt	10,660				4,044	723				
	Sheridan	3,620				2,167	674				
	Valley	7,270	3.71%	26,387	\$ 73,698	4,847	984	5.63%	3,335	\$ 111,987	\$ 92,842
District 3	Carter	1,324				811	238				
	Custer	11,454				5,360	1,604				
	Dawson	8,635				4,168	1,024				
	Fallon	2,774				1,410	302				
	Powder River	1,785				1,007	170				
	Prairie	1,147				718	325				
	Richland	9,112				4,557	962				
	Rosebud	9,270				3,912	539				
	Treasure	745				422	143				
	Wibaux	971	6.64%	47,217	\$ 131,875	587	208	9.32%	5,515	\$ 185,189	\$ 158,532
District 4	Blaine	6,668				2,947	699				
	Hill	16,376				7,453	1,359				
	Liberty	2,020				1,070	260				
	Phillips	4,201	4.11%	29,265	\$ 81,736	2,502	716	5.13%	3,034	\$ 101,879	\$ 91,808
District 5	Cascade	23,346				9,972	1,541				
	Chouteau	5,575				2,776	963				
	Glacier	13,508				5,243	528				
	Pondera	6,148				2,834	623				
	Teton	6,283				2,910	787				
	Toole	5,094	8.43%	59,954	\$ 167,449	2,300	522	8.39%	4,964	\$ 166,687	\$ 167,068

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District / Geographic Area		Population Estimates			Allocation Based on Population	Age of Housing				Allocation Based on Hsg Age	Allocation: District Total
		County Population	% of State	District Total		Total # of Hsg Units	Tot. # built after 1940	% of Hsg Units	District Total		
District 6	Fergus	11,539				5,558	1,906				
	Golden Valley	1,117				450	181				
	Judith Basin	2,191				1,325	460				
	Musselshell	4,515				2,317	708				
	Petroleum	492				292	83				
	Wheatland	2,068	3.08%	21,922	\$ 61,227	1,154	460	6.42%	3,798	\$ 127,534	\$ 94,381
District 7	Big Horn	13,005				4,655	632				
	Carbon	9,755				5,494	1,711				
	Stillwater	8,391				3,947	729				
	Sweet Grass	3,699				1,860	578				
	Yellowstone	37,740	10.20%	72,590	\$ 202,741	15,412	1,377	8.49%	5,027	\$ 168,803	\$ 185,772
Dist 8	Broadwater	4,530				2,002	443				
	Jefferson	10,857				4,199	616				
	Lewis & Clark	57,972	10.31%	73,359	\$ 204,889	25,672	4,578	9.52%	5,637	\$ 189,286	\$ 197,087
Dist 9	Gallatin	75,637				29,489	3,592				
	Meagher	1,977				1,363	393				
	Park	15,791	13.13%	93,405	\$ 260,876	8,247	2,279	10.58%	6,264	\$ 210,340	\$ 235,608
Dist 10	Flathead	81,217				34,773	3,658				
	Lake	27,919				13,605	1,671				
	Lincoln	19,101				9,319	897				
	Sanders	10,945	19.56%	139,182	\$ 388,729	5,271	736	11.76%	6,962	\$ 233,779	\$ 311,254
Dist 11	Mineral	3,879				1,961	202				
	Missoula	37,228				16,224	916				
	Ravalli	39,376	11.31%	80,483	\$ 224,786	15,946	1,910	5.12%	3,028	\$ 101,678	\$ 163,232
District 12	Beaverhead	8,845				4,571	903				
	Deer Lodge	9,088				4,958	1,860				
	Granite	2,853				2,074	495				
	Madison	7,079				4,671	923				
	Powell	6,873				2,930	886				
	Silver Bow	33,093	9.53%	67,831	\$ 189,449	16,176	6,556	19.64%	11,623	\$ 390,291	\$ 289,870
Information regarding county population: Source: U.S. Census Bureau, Population Division; Release Date April 14, 2005 Compiled by the Census and Economic Information Center, MT Department of Commerce						Entitlement City	Population	# housing units	# built after 1940		
						Billings	96,977	39,151	3,842		
						Great Falls	56,503	25,253	5,050		
						Missoula	61,790	25,095	4,206		
Information regarding age of housing: Source: U.S. Census Bureau, Census 2000; Summary File 3, Table H34 Compiled by the Census and Economic Information Center, MT Department of Commerce						Yellowstone, Missoula & Cascade County totals do not include data from their respective entitlement city					

ESG

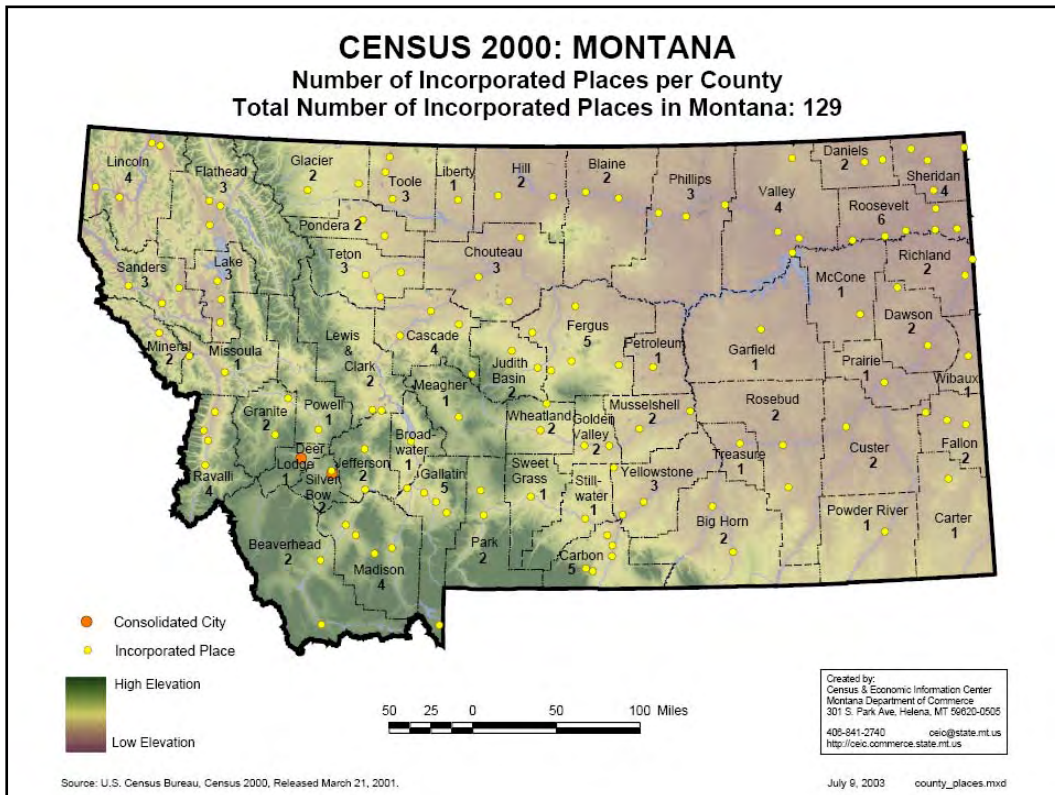
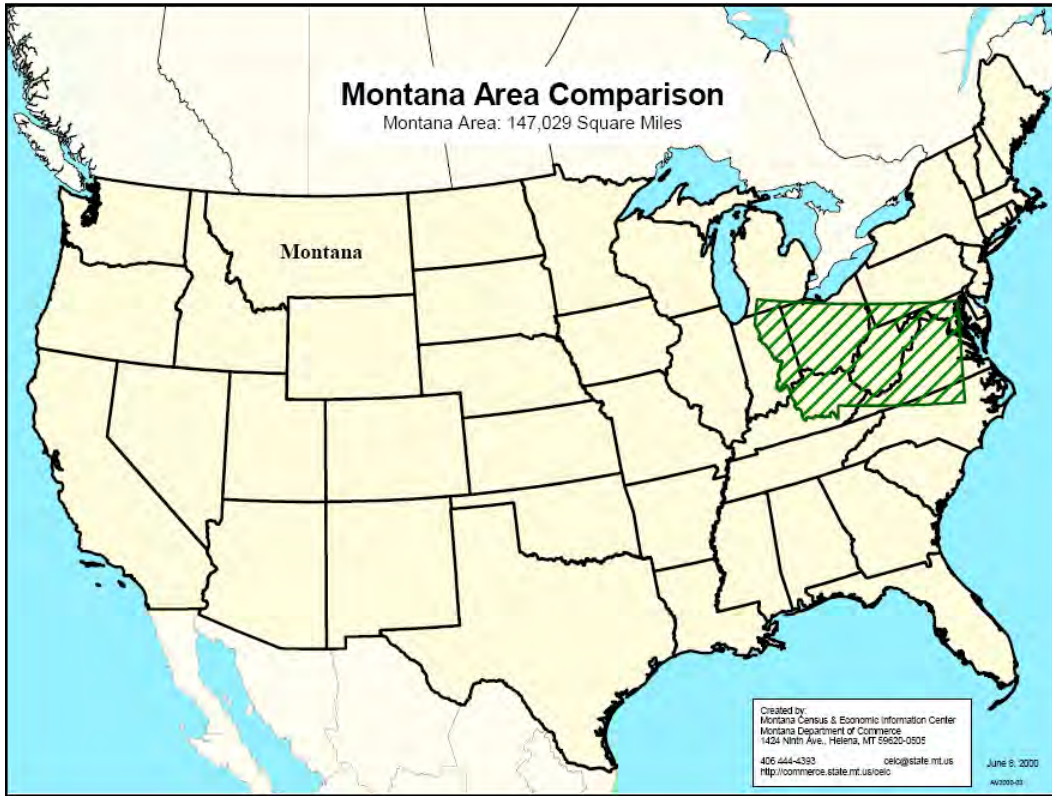
Ninety-five percent of the ESG funds received, or an estimated \$374,000, will be allocated to the 10 regional Human Resource Development Councils (HRDCs) in Montana (see map on page 44). Funds are distributed based on a formula allocation, reflecting areas of poverty and general population, contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant.

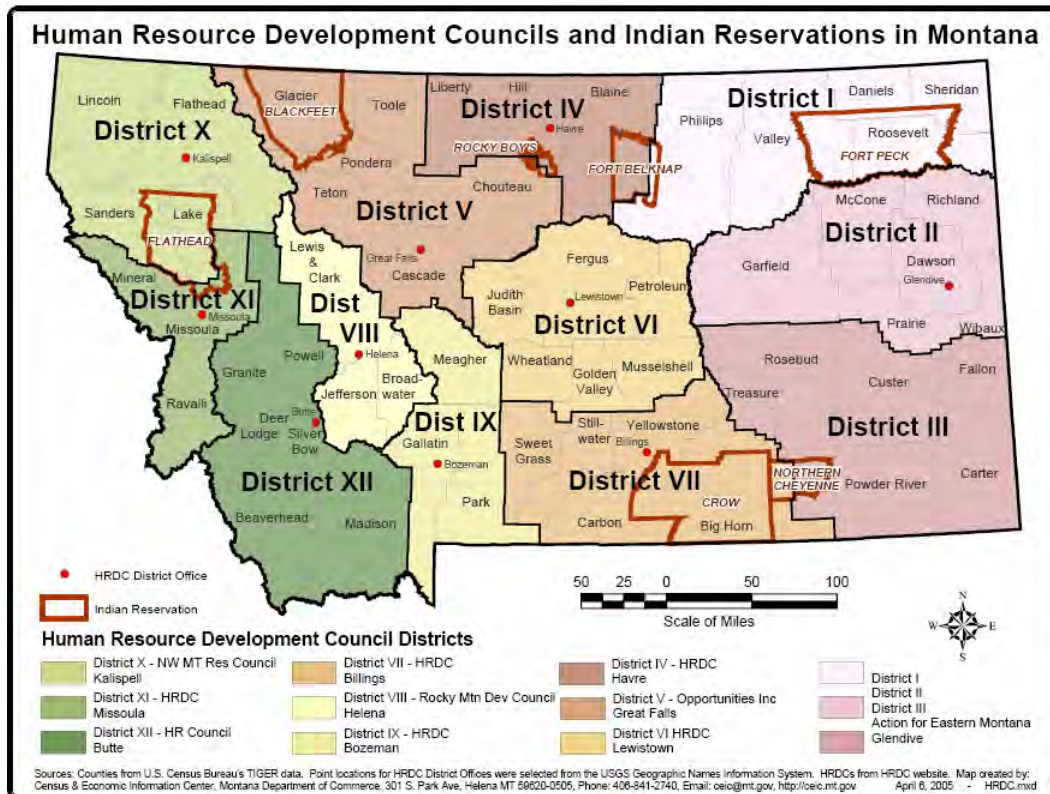
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Geographic Distribution -- ESG Program

HRDC District	Est'd Allocation		Counties Served
	%	\$	
DIST I, II, III (AEM)	10.1%	\$ 37,633	Carter, Custer, Daniels, Dawson, Fallon, Garfield, McCone, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Treasure, Valley, Wibaux
DIST IV	3.5%	\$ 13,182	Blaine, Hill, Liberty
DIST V (Opp., Inc.)	13.6%	\$ 50,969	Cascade, Chouteau, Glacier
DIST VI	2.8%	\$ 10,408	Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland
DIST VII	16.8%	\$ 62,925	Big Horn, Carbon, Stillwater, Sweet Grass, Yellowstone
DIST VIII (RMDC)	6.7%	\$ 25,187	Broadwater, Jefferson, Lewis & Clark
DIST IX	8.8%	\$ 32,949	Gallatin, Meagher, Park
DIST X (NMHR)	14.9%	\$ 55,576	Flathead, Lake, Lincoln, Sanders
DIST XI	15.0%	\$ 56,134	Mineral, Missoula, Ravalli
DIST XII	7.8%	\$ 29,036	Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow

MAPS





VII. ANNUAL AFFORDABLE HOUSING GOALS

**STATE TABLE 3B
ANNUAL HOUSING COMPLETION GOALS**

	Annual Number Expected Units To Be Completed	Resources used during the period		
		CDBG	HOME	ESG
ANNUAL AFFORDABLE <u>RENTAL</u> HOUSING GOALS (SEC. 215)				
Acquisition of existing units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Production of new units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Rehabilitation of existing units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rental Assistance		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Total Sec. 215 Affordable <u>Rental</u>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ANNUAL AFFORDABLE <u>OWNER</u> HOUSING GOALS (SEC. 215)				
Acquisition of existing units		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Production of new units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Rehabilitation of existing units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Homebuyer Assistance		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Total Sec. 215 Affordable <u>Owner</u>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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	Annual Number Expected Units To Be Completed	Resources used during the period		
		CDBG	HOME	ESG
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 215)				
Acquisition of existing units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Production of new units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Rehabilitation of existing units		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Homebuyer Assistance		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Total Sec. 215 Affordable Housing		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 215)				
Homeless households		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Non-homeless households		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Special needs households		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ANNUAL HOUSING GOALS				
Annual Rental Housing Goal		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Annual Owner Housing Goal		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TOTAL ANNUAL HOUSING GOAL		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

VIII. HOMELESS AND SPECIAL NEEDS POPULATIONS

THE HOMELESS

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and will help the homeless in stages—to take them from an emergency shelter to permanent housing. The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify an individual's or family's needs.

The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training and placement, and employment opportunities where the homeless can both acquire and put to use new work skills.

The final stage is permanent housing or permanent supportive housing arrangements. While all three stages may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan.

Montana Continuum of Care

The Montana Continuum of Care (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

The MT CoC's mission is to maximize the resources that can be brought to bear in overcoming homelessness, to collectively direct the most efficient use of limited resources and to promote a unified system of outreach, referral, information sharing, planning, and service. The MT CoC participants share the benefit of leveraging each other's resources and efforts to provide increased and coordinated services to all homeless across the state.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants include representatives from local and state government, public housing authorities, regional HRDCs, and other nonprofit organizations representing the homeless, housing and service providers, emergency shelters, domestic abuse shelters, veterans' organizations and mental health centers.

The CoC identifies, prioritizes, and supports projects and activities that enhance the integration and coordination of homeless services in Montana. Each community is encouraged to develop a local continuum in response to specific needs. Based on the local continuum, potential projects are identified and presented to the coalition. The group constructively critiques each project and provides comments and suggestions such as other possible funding sources and leveraging avenues. Projects are also critiqued based on the needs of the community and the integration of the project in relation to the overall statewide CoC. The coalition operates on consensus-based decision-making to identify projects most needy and worthy of support. The MT CoC then prepares a single, coordinated application in response to the Notice of Funding Availability (NOFA) for Shelter Plus Care and Supportive Housing.

Continuum of Care Homeless Population and Subpopulations Chart¹⁵

(Date of last point-in-time count: 01/31/2006)

Part 1: Homeless Population	Sheltered		Unsheltered	Total
	Emergency	Transitional		
Homeless Families with Children (Family Households)	64	66	15	145
1. Number of Persons in Families with Children	221	196	42	459
2. Number of Single Individuals and Persons in Households without children	283	179	410	872
Total (lines 1 + 2a)	504	375	452	1,331
Part 2: Homeless Subpopulations	Sheltered		Unsheltered	Total
a. Chronically Homeless (For sheltered, list persons in emergency shelter <i>only</i>)	37		111	148
b. Severely Mentally Ill	108		* 59	167
c. Chronic Substance Abuse	83		* 73	156
d. Veterans	88		* 94	182
e. Persons with HIV/AIDS	5		* 3	8
f. Victims of Domestic Violence	104		* 29	133
g. Unaccompanied Youth (Under 18)	26		* 3	39

If applicable, complete the following section to the extent that the information is available. Be sure to indicate the source of the information by checking the appropriate box:

Data Source☐ Point-in-time count☒ Estimate

Part 3: Hurricane Katrina Evacuees	Sheltered	Unsheltered	Total
Total number of Katrina Evacuees	56	Unknown	56
Of this total, enter the number of evacuees homeless prior to Katrina	Na	Na	Na

* Optional for Unsheltered

CoC-K

Unmet Housing Needs: The following calculations are used to produce statewide totals and generalize unmet need statewide. Similar calculations are also done by district to produce a more accurate and necessary picture of where particular needs exist, but the table only allows for the statewide calculations. For example, there appears to be no need in four out of the six categories, but in District VII (Billings) there are significant needs. A women's prison, high drug usage, proximity to a reservation, and other factors produce a need for beds in all categories, but aggregate the numbers for the entire state appears to negate these needs.

¹⁵ FFY 2006 Montana Continuum of Care Coalition Application, May 25, 2006:
http://housing.mt.gov/Hous_CP_Apps.asp

Homeless Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/Gap
Individuals				
Example	Emergency Shelter	100	40	26
Beds	Emergency Shelter	440	0	0
	Transitional Housing	217	0	86
	Permanent Supportive Housing <i>(all beds / beds for chronically homeless only)</i>	216 / 21	18 / 18	281
	Total	873	18	393
Chronically Homeless		21	18	
Persons in Families With Children				
Beds	Emergency Shelter	231	0	0
	Transitional Housing	291	67	0
	Permanent Supportive Housing	90	0	0
	Total	612	67	0

The continued role of the statewide Continuum of Care is critical in meeting the needs of the homeless population in Montana. The coalition has formulated the following actions to promote and guide the group's work plan:

- Continue to conduct an annual statewide survey and resources inventory to count and assess homeless needs;
- Participate in the Montana Council on Homelessness;
- Inventory all state discharge policies and practices and promote evaluation of best practices and the adoption of new policies when needed;
- Implement a Homeless Management Information System (HMIS);
- Collect, analyze, publish and distribute survey findings;
- Conduct a minimum of five meetings annually;
- Continue to explore options for initiating a statewide uniform intake and referral system;
- Contribute to the annual update of the state Consolidated Plan.

SPECIAL NEEDS POPULATIONS

Special needs housing, or supportive housing, is defined as housing that provides supportive services and/or physical adaptations, allowing residents with special needs to live independently in integrated community settings. Persons with special needs may have a variety of mental and physical disabilities and, therefore, need a variety of housing options. Their housing needs vary depending on the type of disability and may vary throughout an individual's life depending on the degree of disability and individual circumstances.

Special needs populations also include persons with chemical addictions and victims of domestic violence. While they do not have a disability in the classic sense, they share a common trait: the need for supportive services in order to achieve a stable living environment and reintegrate into society. Because of their need for the combination of affordable housing linked to targeted services, they are included in the groups that benefit from supportive housing.

Elderly and Frail Elderly

In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have a significant impact on the state.

AGE PROFILE								
Census 1990 vs. 2000								
AGE	United States				Montana			
	1990	2000	% Change	% Total	1990	2000	% Change	% Total
Under 20 years	71,321,886	80,473,265	12.8%	28.6%	244,346	257,440	5.4%	28.5%
20 to 24 years	19,020,312	18,964,001	-0.3%	6.7%	47,769	58,379	22.2%	6.5%
25 to 34 years	43,175,932	39,891,724	-7.6%	14.2%	123,070	103,279	-16.1%	11.4%
35 to 54 years	62,801,989	82,826,479	31.9%	29.4%	209,062	277,029	32.5%	30.7%
55 to 64 years	21,147,923	24,274,684	14.8%	8.6%	68,321	85,119	24.6%	9.4%
65 & over	31,241,831	34,991,753	12.0%	12.4%	106,497	120,949	13.6%	13.4%
U.S. Census Bureau								

As the Baby Boom generation (those born between 1946 and 1964) reaches retirement age, the growth of the elderly population (65 and over) is expected to accelerate rapidly. The proportion of Montana's population classified as elderly is expected to increase from 13.4 percent in 1995 to 24.4 percent in 2025¹⁶. In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have significant impact on the state. According to the 2000 Census, 13.4 percent of Montanans are over age 65, higher than the national average of 12.4 percent. At 9.4 percent of Montana's total population, the 55 to 64 age group is also higher than the national average, 8.6 percent. The 55 to 64 years and the 65 and over age categories also showed increases from 1990 to 2000 that were higher than the national average, with the 65 and older age group increasing by 13.6 percent and those aged 55 to 64 increasing by 24.6 percent. In comparison, the national increase in these age groups was only 12.0 percent and 14.8 percent, respectively.

- At 13.4 percent, Montana has the 14th highest percentage among states for people 65 years of age or older.
- Montana is 17th in percentage of people 85 and over.

¹⁶ *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; <http://www.nga.org/portal/site/nga>

- The 2000 census showed Montana had 162 people who were 100 years old or older. Over 50,000 people in the U.S. were 100 years old or older.¹⁷
- By 2025, the percentage of Montanans 65 years of age or older is expected to rise to 24.4 percent, ranking it third in the nation. The percent of the population 85 and older is expected to be 3.1 percent, moving the state's ranking to fourth.¹⁸

The lack of affordable housing is a problem for many of Montana's citizens, including the elderly. The gap between Montana's lower income citizens and access to affordable housing is widening. Poverty continues to be a problem for Montanans. Montana's poverty rate was estimated to be 13.3 percent in 2000, 14.0 percent in 2001 and 2002, 14.2 percent in 2003¹⁹, and 14.1 percent in 2004 before dropping to 13.8 percent in 2005. This translates into more than 129,000

2005 POVERTY RATE OF ALL AGES				
State	2004		2005	
	%	Rank	%	Rank
Idaho	9.9%	13	9.9%	12
Montana	14.1%	37	13.8%	36
North Dakota	9.7%	11	11.2%	20
South Dakota	13.4%	36	11.8%	26
Wyoming	9.9%	15	10.6%	17
UNITED STATES	12.7%	--	12.6%	--
Source: Census and Economic Information Center, MT Dept of Commerce; http://ceic.mt.gov				

Montana citizens at or below the poverty lines, as defined by the federal government. Housing prices continue to rise, making it more difficult for individuals to afford their own homes. The increasing pressures on the rental markets, in turn, drive up housing prices.

Individuals 80 and older require more health services and/or assisted living facilities. The demand for assisted living is determined by the size of the elderly population in need of assisted services, the level of income available to the senior, other types of senior living arrangements available to the person, and the level of health and other services for the elderly available in the community.

Over the last 20 to 30 years, Montana has developed a growing continuum of long-term care services. The continuum of services ranges from institutional care (e.g., nursing homes and assisted living facilities) to home and community based services (e.g., personal care, home health services, hospice, homemaker, home chore, congregate and home delivered meals programs, transportation, health promotion programs, etc.) The Senior and Long Term Care Division of the MDPHHS coordinates the delivery of this array of long-term care services.²⁰

The primary goal of home and community based services is to maintain quality of life, preserve individual dignity, satisfy preferences in lifestyle and keep people as

¹⁷ *The State of Aging in Montana 2001*, MT Department of Public Health & Human Services; <http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml>

¹⁸ *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; <http://www.nga.org/portal/site/nga>

¹⁹ U.S. Census Bureau; *Small Area Income & Poverty Estimates*: <http://www.census.gov/cgi-bin/saipo/saipo.cgi>

²⁰ *The State of Aging in Montana 2006*, MT Department of Public Health & Human Services; <http://www.dphhs.mt.gov/sltc/aboutsltc/reports/2006AgingReport.pdf>

independent as possible in their homes and community for as long as possible. The Aging Network in Montana is an essential component in the long-term care continuum, providing a diverse range of services targeted to individuals who are 60 years of age or older. These services include: personal care, homemaker, home chore, congregate and home delivered meals, adult day care, case management, transportation and medical transportation, advocacy services (legal assistance and ombudsman services), information and assistance, health insurance assistance and counseling, skilled nursing, health screening, fitness and exercise programs, and senior center services. Members of the Aging Network include: Area Agencies on Aging, County Councils on Aging, senior centers and other contractors. As the state's population continues to age, long-term care services provided by the Aging Network will become increasingly important in meeting this primary goal.²¹

Looking at the long-term care continuum, the overall trend has been towards providing more home and community based services and less institutional care. Nursing home occupancy rates declined throughout the 1990's until the current date, while most home and community based options have seen substantial growth.²²

	1994	2004	% change
Total Medicaid Long-Term Care Expenditures	\$132,969,000	\$215,454,000 (2001)	+62%
Nursing Home Occupancy Rate	91%	76%	-17%
Medicaid Waiver Clients	850	1,796	+112%
Assisted Living Facilities	29	180	+521%
Adult Day Care Facilities	29	56	+93%

The MDOC commissioned a study, *A Guide to Assisting Senior Assisted Living Needs in Your Community*²³, to further analyze and report on the needs of its elderly population and the demand for living with assistance in the state in order to help local communities to determine if assisted living housing is a viable option for them. The study can also assist communities in exploring possibilities for assisting seniors to age in place.

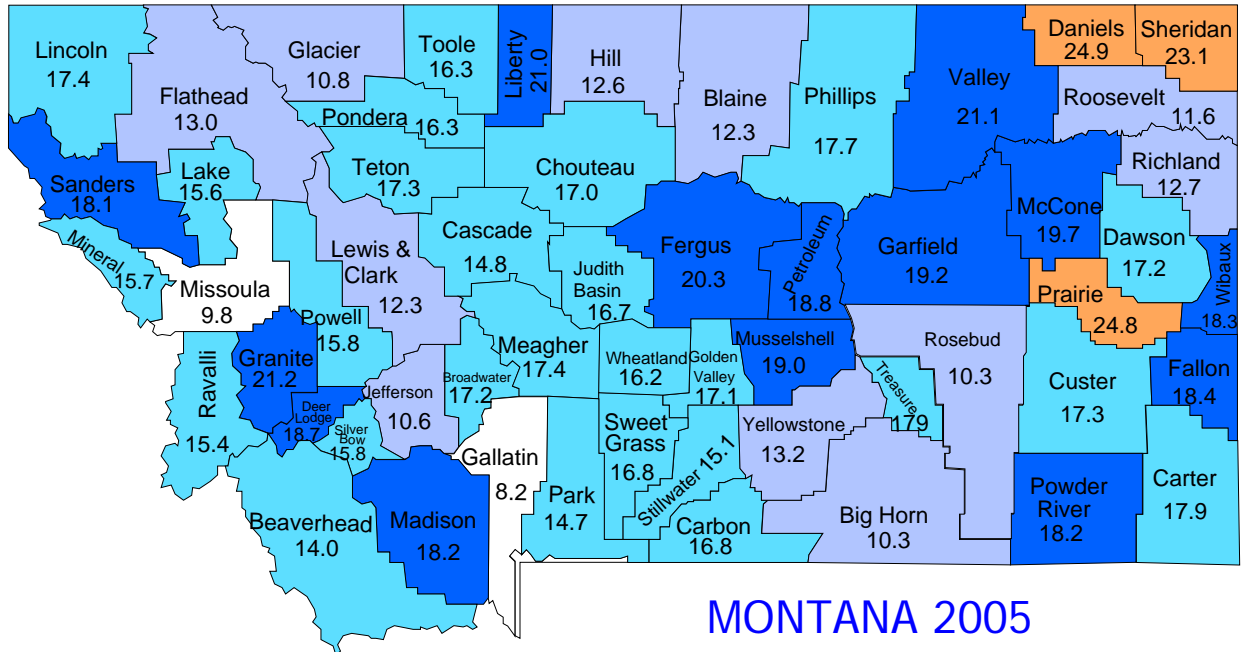
Following is a series of maps reflecting the projected changes in the percentage of the population 65 years of age and older by county.²⁴

²¹ *Ibid.*

²² *The State of Aging in Montana 2004*, MT Department of Public Health & Human Services; <http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml>

²³ *A Guide to Assisting Senior Assisted Living Needs in Your Community*, D. Blake Chambliss, FAIA, and BBC Research & Consulting, June 9, 2006; http://housing.mt.gov/Hous_CP_SrHsg.asp

²⁴ MT Department of Public Health & Human Services; <http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml>



PERCENT OF
COUNTY
POPULATION 65+



6.9 to 9.9



10.0 to 13.9



14.0 to 17.9



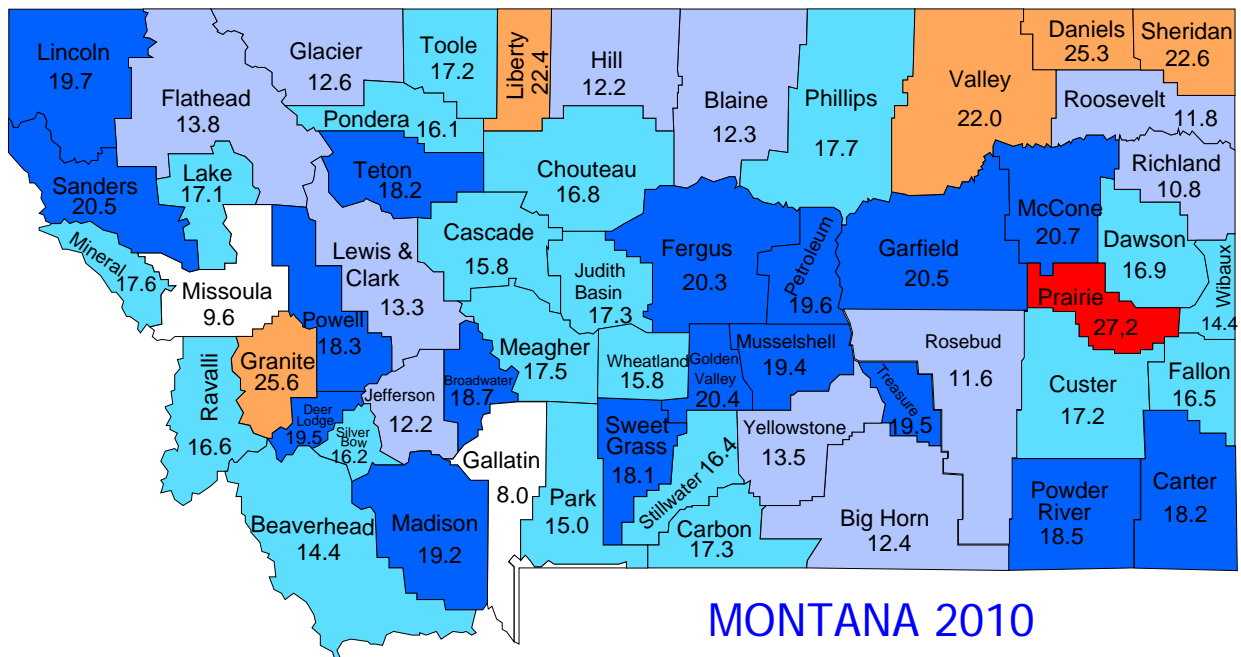
18.0 to 21.9



22.0 to 25.9



26 and over



PERCENT OF
COUNTY
POPULATION 65+



6.9 to 9.9



10.0 to 13.9



14.0 to 17.9



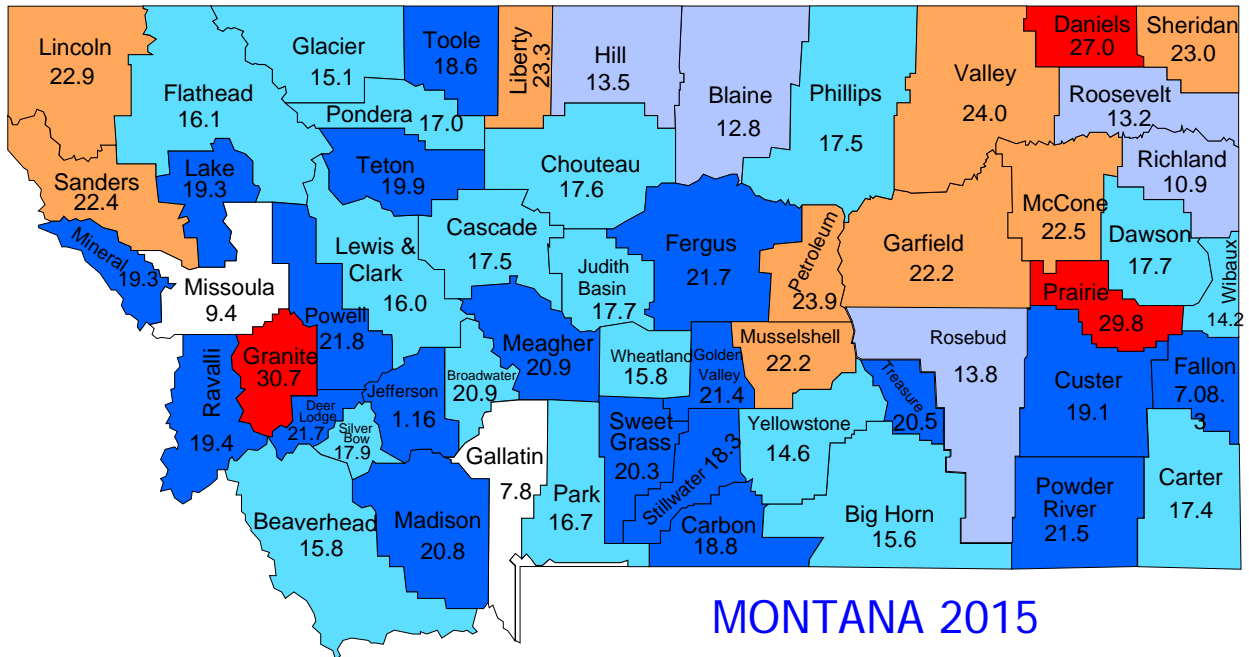
18.0 to 21.9



22.0 to 25.9



26 and over



PERCENT OF
COUNTY
POPULATION 65+



6.9 to 9.9



10.0 to 13.9



14.0 to 17.9



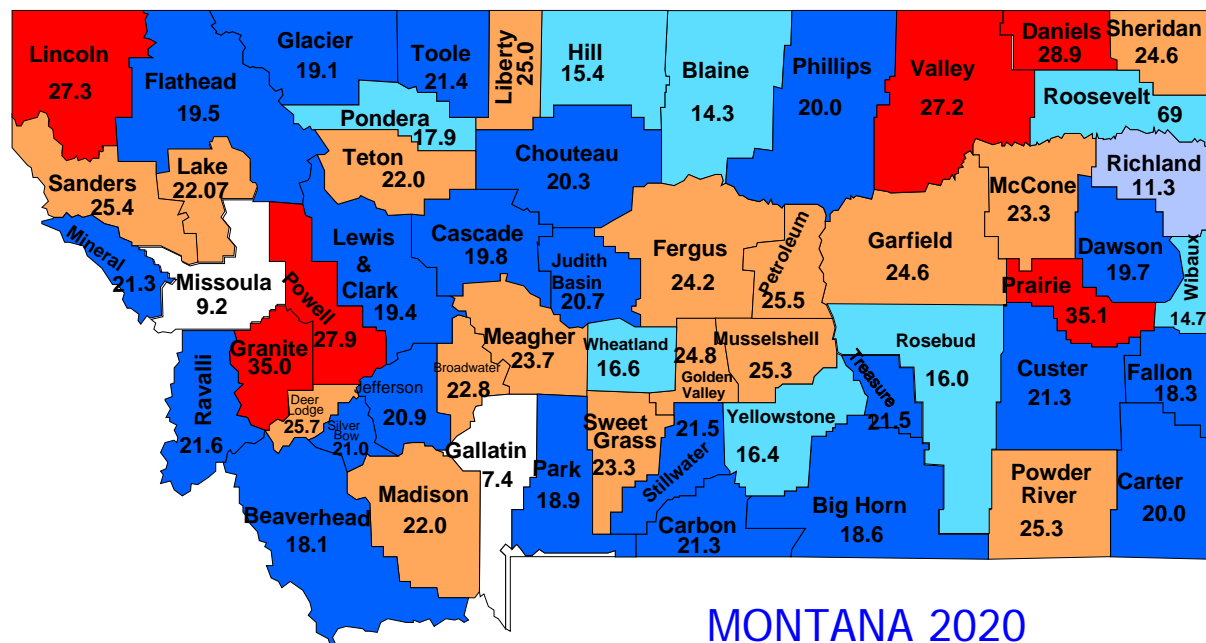
18.0 to 21.9



22.0 to 25.9



26 and over



PERCENT OF
COUNTY
POPULATION 65+



6.9 to 9.9



10.0 to 13.9



14.0 to 17.9



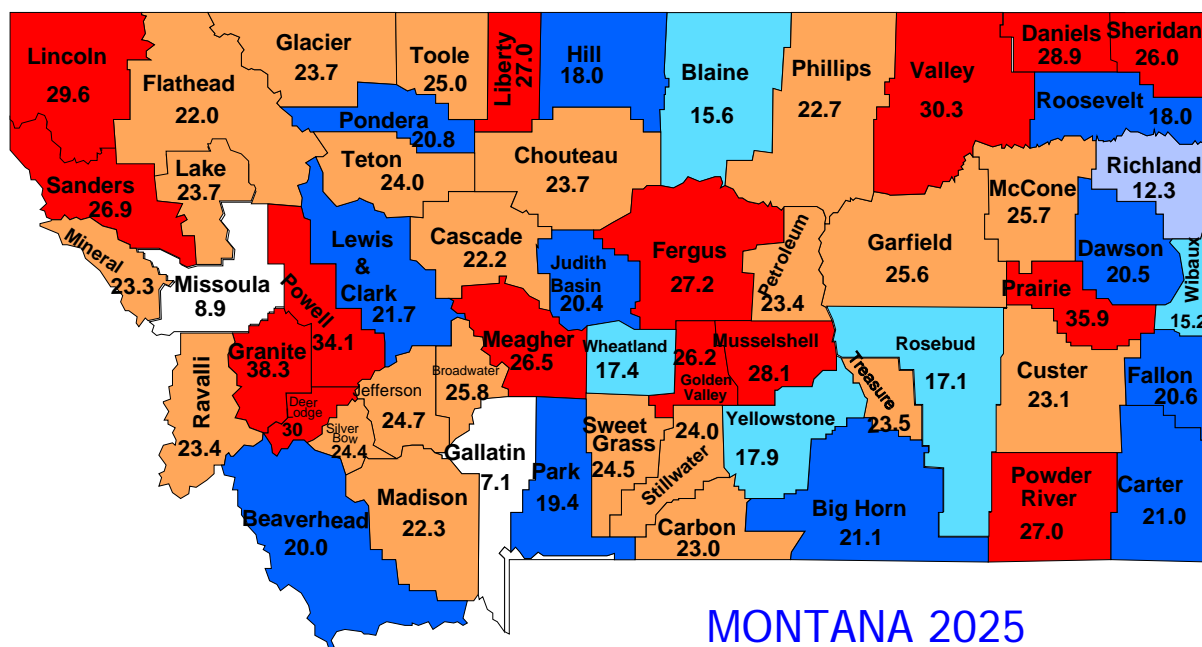
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COUNTY
POPULATION 65+



6.9 to 9.9



14.0 to 17.9



22.0 to 25.9



10.0 to 13.9



18.0 to 21.9



26 and over

Persons with Disabilities

The 2000 Census enumerated 145,732 people over the age of five living in Montana with a disability (17.5 percent of the population). Many people with disabilities had more than one disability resulting in a total number of disabilities tallied of 258,723. The U.S. Census considers people five (5) years old and over to have a disability if they have one or more of the following:

- Blindness, deafness, or a severe vision or hearing impairment;
- A substantial limitation in the ability to perform basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying;
- Difficulty learning, remembering, or concentrating; or
- Difficulty dressing, bathing, or getting around inside the home.

In addition to the above criteria, people 16 years old and over are considered to have a disability if they have difficulty going outside the home alone to shop or visit a doctor's office. People 16 to 64 years old are considered to have a disability if they have difficulty working at a job or business. Disability becomes more common as people age; the 2000 U.S. Census identified 40 percent of Montana's senior citizens as living with a recognizable disability. With the general demographic aging trend due to the baby boom generation, people with disabilities will constitute a greater percentage of the total

population in years to come. Many Montana families experience disability; either directly or through providing aid and assistance to a family member with a disability.

The *Economic and Demographic Analysis of Montana*²⁵ reports that 19.7 percent of people with disabilities live in poverty, in comparison to Montana's overall poverty rate of 14.1 percent. Adults with disabilities are significantly less likely to be employed and possess a lower level of educational attainment than the population as a whole. This contributes to a greater general level of economic disadvantage among the disabled in Montana.

For more information on the economic and demographic characteristics of Montana residents with disabilities, see the appendix to Volume II of the *Economic and Demographic Analysis of Montana*.²⁶

Persons with disabilities require supportive services in conjunction with the provision of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent, or mentally disabled. These individuals experience ongoing daily functioning difficulties because of their illness and many are unable to work due to their profound disabling illness.

The vast majority of Montanans living in the community who are severely disabled rely upon Social Security Income (SSI) or Social Security Disability Income (SSDI) and other public entitlement programs to pay for their living expenses. Effective January 2006, the SSI payment for an eligible individual is \$603 per month and \$904 per month for an eligible couple. For 2005, the SSI payment for an eligible individual was \$579 per month and \$869 per month for an eligible couple.²⁷

According to the national study, *Priced Out in 2004*²⁸:

- In 2004, as a national average, a person receiving SSI needed to pay 109.6 percent of their entire monthly income in order to rent a modest one-bedroom unit. From 2002 to 2004, the housing affordability gap for people with disabilities continued to grow alarmingly while federal housing officials proposed re-directing essential rent subsidy funds to higher income households.
- During the six years since *Priced Out in 1998* was published, the amount of monthly SSI income needed to rent a modest one-bedroom unit has risen 59 percent, from 69 percent of SSI in 1998 to 109.6 percent of SSI in 2004.

²⁵ *Economic and Demographic Analysis of Montana - Volume II, Demographic Analysis*, Center for Applied Economic Research, Montana State University-Billings, November 2005;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²⁶ *Economic and Demographic Analysis of Montana - Volume II Appendix, Disability Data*, Center for Applied Economic Research, Montana State University-Billings, November 2005;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²⁷ Social Security Online website: *Answers to your Questions* - <http://www.socialsecurity.gov/>

²⁸ Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, September 2005; <http://www.tacinc.org>

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- People with disabilities receiving SSI are also priced out of smaller studio/efficiency rental units. In 2004, the national average cost of these units rose to 96.1 percent of monthly SSI, an increase of 8 percent from 2002.
- People with disabilities who rely on SSI payments continue to be among the lowest income citizens in the United States. In 2004, the national average income of a person with a disability receiving SSI fell to a new low of 18.4 percent on median income, down from 18.8 percent in 2002.
- Over the past six years, since the publication of *Priced Out in 1998*, the national average income of a one-person household receiving SSI disability payments dropped 25 percent relative to median income; from 24.4 percent of median income in 1998 to 18.4 percent in 2004.

HOUSING AFFORDABILITY IN MONTANA						
State and MSAs ^A	SSI Monthly Pmt ^B	SSI as % Median Income ^C	% SSI for Efficiency Apt. ^D	% SSI for 1-Bdrm ^E	SSI as an Hourly Wage ^F	NLIHC ^G Housing Wage ^H
Montana						
Billings	\$564.00	18.0%	64.7%	76.8%	\$3.25	\$8.33
Great Falls	\$564.00	21.3%	59.0%	71.1%	\$3.25	\$7.71
Missoula	\$564.00	18.3%	76.1%	87.6%	\$3.25	\$9.50
Non-Metropolitan Areas	\$564.00	21.1%	65.3%	74.7%	\$3.25	\$8.10
State Average	\$564.00	20.4%	66.0%	76.2%	\$3.25	\$8.27
National Average		18.4%	96.1%	109.6%	\$3.56	\$13.00

^A Metropolitan Statistical Areas
^B Federal SSI benefit, plus the state supplement (not applicable in MT) for people with disabilities living independently in the community
^C SSI benefit expressed as a percent of the one-person area median income
^D Percent of monthly SSI benefit needed to rent a modest studio apartment at HUD's Fair Market Rent
^E Percent of monthly SSI benefit needed to rent a modest one-bedroom apartment at HUD's Fair Market Rent
^F SSI benefit expressed as an hourly wage for a full-time job
^G Hourly wage that people need to earn to afford a modest one-bedroom apartment at HUD's Fair Market Rent
^H National Low Income Housing Coalition

Source: *Priced Out in 2004* Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, September 2005

In the absence of housing assistance, people with disabilities who rely on SSI income are likely to have few resources left over for food, medicine, and other necessary living expenses after housing expenses are paid. The result is that many will live in substandard housing, live in danger of becoming homeless, or in fact become homeless.

HIV/AIDS

Prior to 1997, housing needs were different than they are today. At that time, nearly all persons with HIV/AIDS were disabled by health reasons and qualified for disability determination, and thus disability income. The need for low-income housing was prevalent for these clients. However, local advocates, working within their communities, were often able to make a hardship case that these individuals should move to the front

of the waiting list because of serious health concerns and the probability that they would not live a great deal longer. The advent of effective medical treatment has changed that scenario. People infected with HIV are able to maintain a much healthier status and frequently do not qualify for disability determination. Though they are healthier, they may not be able to work full time and they continue to need low-income housing. They also need housing in proximity to major healthcare centers to receive the extensive and specific treatment they will require for the remainder of their lives. Because their health status is improved, it is not as easy to make a hardship case to move them up in the waiting list, and it is more likely they will need low income housing for a much longer period.

As of December 31, 2003, a cumulative total of 612 cases of Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) had been reported to the Montana Department of Public Health and Human Services (DPHHS) since 1985. In 2003, HIV/AIDS was the eighth most common reportable disease in Montana with a combined total of 29 (10 AIDS, 19 HIV) cases reported. Approximately 347 individuals aware of their infection are known to be living with HIV/AIDS in Montana. An estimated 66 percent of these individuals have been diagnosed with AIDS. Forty of the state's 56 counties have reported at least one HIV/AIDS case since 1985. Montana remains a "low incidence" state with respect to HIV/AIDS, reporting fewer cases annually than all other states except Wyoming, and North and South Dakota.²⁹

The geographic distribution of Montana's HIV/AIDS cases closely reflects the state's overall population distribution. Montana's eight largest counties account for approximately 80 percent of all reported HIV/AIDS cases since 1985. Cases reported during the last two years show no significant change. In fact, nearly 90 percent of all cases identified in the last two years resided in the eight largest counties.³⁰

Currently, HIV/AIDS does not appear to have had a disproportionate impact on Montana's American Indian population. American Indians represent approximately six percent of the state's population and represent seven percent of the HIV/AIDS cases reported. Fortunately, the state has not experienced the increase in cases among racial/ethnic minority groups experienced by larger urban areas of the nation. While the number and characteristics of cases among American Indians differs little from those of the general population, other markers of potential HIV risk (teen pregnancies, STD rates) suggest an increased level of risk among American Indians when compared to non-Indian populations.³¹

²⁹ 2005-2007 Comprehensive HIV Prevention Plan, Community Planning Group for HIV Prevention Project, August 2004; available at:
<http://www.dphhs.mt.gov/PHSD/STD-HIV/MTComprehensviePlan2005-2007.doc>

³⁰ *Ibid.*

³¹ *Ibid.*

Addictive and Mental Disorders

People with serious disabling mental illness are served through mainstream subsidized housing programs throughout Montana, but are most strongly impacted by the general shortage of affordable housing in many communities in Montana. Efforts by people with mental illness to find decent, stable, affordable, and safe housing are hampered by their very low fixed incomes, diminished daily living skills, stigma related to mental illness, difficulty presenting well to prospective landlords, lack of specialized housing services, and the general shortage of affordable housing. As a group, people with mental illness exhibit among the highest need for affordable housing in the state of Montana. People with mental illness have difficulty maintaining their housing without specialized supportive mental health services.

The Montana Homeless Continuum of Care 2006 Statewide One-day Snapshot Survey conducted in January 2006 points to mental illness as one of the leading contributors to homelessness in Montana³². The survey, an attempt to reach as many homeless individuals and families as possible, is a point-in-time survey taken in seven urban centers in Montana. It is impossible to conduct an exhaustive count, but the attempt is made to provide a reasonable indication of the extent of the problem and to profile who the homeless are in Montana.

Many adults with serious disabling mental illness can only maintain a living arrangement with close, ongoing supervision and support of mental health service providers. Specialized housing and community living programs for people with mental illness are limited in number and are offered in only a few communities in the state. A significant need exists for a continuum of specialized supportive housing opportunities for people with serious disabling mental illness distributed throughout communities across the state of Montana. This need for continuum of supported housing ranges from group homes to supported apartment living to specialized residential programs for people experiencing difficulties related to both mental illness and substance abuse. These specialized supportive housing programs linking appropriate housing to necessary supportive mental health services offer the best opportunity for stable, successful community living for people with serious disabling mental illness.

Homelessness and inadequate living arrangements are frequently associated with adults with severe and disabling mental illness (SDMI). Persons with SDMI need a variety of housing options ranging from supervised group living to independent homeownership. In order to assure an opportunity for these individuals to actually achieve a “home”, regardless of the nature of physical structure, it is also essential that mental health agencies offer rehabilitation and support services to assist the consumer in successful participation in the community.

³² *Homeless in Montana*, Montana Department of Public Health and Human Services, 2004; available at: http://www.mtcoh.org/documents/HomelessinMontana2004_002.pdf

Victims of Domestic Violence

Domestic violence occurs when an intimate partner uses physical violence, coercion, threats, intimidation, isolation, and/or emotional, verbal, sexual or economic abuse to maintain power and control. There is no one physical act that characterizes domestic violence: it includes a whole continuum of behaviors ranging from verbal abuse to punches and kicks, from being locked up to sexual abuse, suffocating, maiming...and homicide. Most victims suffer multiple forms of abuse.

Primary victims are the direct victims of abuse, the targets of the crimes. Primary victims are predominantly, but not exclusively, the battered spouses/partners, but they are not the only ones at risk. Every family member is exposed to and experiences trauma, and thus are secondary victims. Children, often the secondary victims, struggle with ongoing and serious emotional problems resulting in diminished academic and interpersonal functioning. Secondary victims frequently evolve into primary victims: current estimates indicate that between 45-60 percent of domestic abuse eventually includes child battering.

In state fiscal year 2005, programs funded through the Montana Board of Crime Control's (MBCC) VOCA/VAWA (Victims of Crime Act/ STOP Violence Against Women Act) programs served 18,279 unduplicated victims; 14,244 primary victims and 4,035 secondary victims.³³

Minority Populations

Montana has a significant Native American population comprising the second largest segment of the population, 6.2 percent. Combined, the Asian and Native Hawaiian/Other Pacific Islander populations total 0.6 percent. The Black/African American population in Montana is very small at 0.3 percent, with the greatest area of concentration in Cascade County.³⁴

RACE / ETHNICITY	
Race / Ethnicity	Percent
White population	90.6%
Native American (American Indian/Alaska Native)	6.2%
Two or more races	1.7%
Some other race	0.6%
Asian	0.5%
Black/African American	0.3%
Native Hawaiian/Other Pacific Islander	0.1%
Hispanic or Latino population	2.0%
Data for Race / Ethnicity is from Census 2000 unless otherwise noted Source: Census and Economic Information Center, Montana Department of Commerce	

Native American Population

The majority of Native Americans reside on Montana's seven Indian Reservations located throughout the state. Glacier, Big Horn, Roosevelt, and Blaine counties have the largest percentage of Native American residents: Glacier - 62 percent; Big Horn - 60 percent; Roosevelt - 51 percent; and Blaine - 45 percent. Other counties with relatively

³³ Montana Board of Crime Control Biannual Report 2004 – 05;
<http://mbcc.mt.gov/news&events/currentnews/biennialreport%2704-%2705.pdf>

³⁴ U.S. Census Bureau, Washington, DC 20233, Released March 21, 2001. Compiled by: Census and Economic Information Center, Montana Department of Commerce.

large percentages of Native American residents are Rosebud, Lake, Hill, Chouteau, and Pondera.³⁵

Applications for the CDBG and HOME programs are received from all areas of the state, including areas of concentrated minority populations such as towns located within reservation boundaries, county-sponsored water and sewer districts, and counties that include designated reservation land.

The HOME program accepts applications from CHDOs around the state. Approximately one-quarter of the certified CHDOs in Montana have reservation land within their service areas and are encouraged to apply for HOME funds for projects in those areas. The Ktunaxa Community Development Corporation (Flathead Reservation) and the Wolf Point Development Corporation (Fort Peck Reservation) are endorsed by tribal council and have amended original by-laws to meet the requirements to become state of Montana certified CHDOs.

The HOME program works extensively with all CHDOs and local governments to meet the housing needs of all residents within an applicant's jurisdiction. All applications received are ranked according to program ranking criteria, and funds are distributed for projects that meet the greatest need in Montana.

The 2003 Montana Legislature passed House Bill 608, an act relating to the government-to-government relationship between the Montana Indian Tribes and the state of Montana. HB 608 provides for tribal consultation in the development of state agency policies that directly affect Indian tribes, authorizes certain state employees to receive annual training, provides for annual meetings between state and tribal officials, and requires that an annual report of the actions be produced by state agencies.

When formulating or implementing policies or administrative rules that have direct tribal implications, state agencies are directed to consider the following principles:

- A commitment to cooperation and collaboration;
- Mutual understanding and respect;
- Regular and early communication;
- A process of accountability for addressing issues; and
- Preservation of the tribal-state relationship.

At least once a year, state agency managers and key employees who have regular communication with tribes will receive training on the legal status of tribes, the legal rights of tribal members, and social, economic, and cultural issues of concern to tribes. This training is to be provided by the Montana Department of Justice and a trainer selected by the tribal governments. In addition, each year the governor, along with state agency representatives and tribal officials may review the policies that directly affect

³⁵ *Ibid.*

tribal governments and tribal populations, and recommend changes and/or formulate solutions to the policies.

State agencies are directed to submit a report by December 15 of each year to the governor and to each tribal government on the activities of the state agency relating to tribal government and tribal populations. The report must include:

- Any policy that the state agency adopted that directly impact the tribes;
- The name of the individual within the state agency who is responsible for implementing the policy;
- The process that the state agency has established to identify the programs of the state agency that affect tribes;
- The efforts of the state agency to promote communication and the government-to-government relationship between the state agency and the tribes;
- The efforts of the state agency to ensure tribal consultation and the use of American Indian data in the development and implementation of agency programs that directly affect tribes; and
- A joint description by tribal program staff and state staff of the required training.

Efforts to Further Native American Housing Opportunities

In June 2002, President Bush announced the “America's Homeownership Challenge” and challenged the public and private sectors to work together to reach or exceed the goal to increase the number of minority homeowners by 5.5 million by the year 2010. As previously stated, the largest minority group in Montana is comprised of Native Americans.

Section 184 Indian Housing Program: The Indian Home Loan Guarantee program is a relatively new and innovative housing program to enable Native American families and Indian Housing Authorities (IHAs) to gain access to sources of private financing. A Native American who will occupy the property as his/her principal home and has met certain credit and underwriting standards is an eligible borrower. An IHA is an eligible applicant as well. IHAs may borrow funds for the development of single-family homes that may be subsequently sold to eligible borrowers. To apply, they can visit any approved lender (financial institution) and apply for a mortgage loan.

The Montana Board of Housing set aside \$1,000,000 in recycled mortgage funds to provide the permanent financing for qualifying lower income individuals for single family homes located on trust land on an Indian Reservation that are guaranteed by HUD through Section 184 for Native Americans. The MBOH worked with local banks, tribal representatives, bond counsel, state and regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington D.C. to enable the MBOH to participate in this program.

Before the 184 Loan Guarantee program could be utilized in Montana, each Tribe needed to adopt foreclosure and eviction procedures. All of Montana's tribes, except one, have adopted the procedures. In addition, there must be an agreement between the Tribe and the MBOH for a guarantee. To date, 12 loans have been closed statewide for a total of \$888,663.

Native American Housing Loan Guarantee Program: The MBOH set aside \$1,000,000 in mortgage prepayments to be recycled into permanent financing for 20 to 30 single-family homes for Salish and Kootenai tribal members on the Flathead Reservation. The Tribal Housing Authority is guaranteeing the loans. These funds will constitute 40 percent of each financing and will leverage 60 percent of Rural Development Funds. This is a pilot program to encourage tribal entities to partner in conventional home financing for their members.

Additionally, the Montana Homeownership Network, an affiliate of Neighborhood Housing Services extended its down payment and closing cost assistance to the Rocky Boy's, Flathead, and Fort Peck Reservations. Services offered to potential homebuyers on the reservation and statewide include credit counseling, homebuyer training, and foreclosure prevention. MHN provides second mortgages statewide (not just to the reservations) for down payment and closing cost assistance with funding received from Neighborhood Reinvestment.

The MBOH Low Income Housing Tax Credit program has funded 11 projects submitted by three tribes in Montana. The Salish and Kootenai have built four projects totaling 73 units. Twenty of those units are single-family homes positioned for eventual homeownership. The Salish and Kootenai recently finished rehabilitating 33 single-family rental homes that received a tax credit allocation in 2002. The Salish and Kootenai were also awarded tax credits in 2004 to build 12 additional units. The Blackfeet have leased up 20 single-family rental homes they completed. The Fort Belknap Housing authority also received tax credits for 22 single-family rental homes in 2000 for two projects and in 2005 was allocated credits to rehabilitate 52 single-family rental homes. In 2004, tax credits were allocated to the Blackfeet to build 35 new houses in the Browning and Heart Butte areas. In 2003, tax credits were allocated to the Blackfeet to build 35 new houses in the Browning and Heart Butte area. The houses have been completed and are 100 percent leased up. Tax credits allocated to the Chippewa Cree to rehabilitate 31 houses in Box Elder were returned later in the year.

Tax credits and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds have been shown to work well together and projects submitted by the tribes continue to score well as the Indian lands in Montana show a great need for safe, decent, affordable housing.

IX. SPECIFIC HOME SUBMISSION REQUIREMENTS

PERIOD OF AFFORDABILITY

HOME assisted units must remain affordable for a specific length of time. Deed restrictions, covenants running with the land or other approved mechanisms will ensure the period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. The table below outlines the affordability periods. Note that homeowner rehabilitation projects have no affordability requirements. However, HOME staff recommends restrictions similar to those for rental properties.

HOME PROGRAM PERIOD OF AFFORDABILITY				
Activity	Years of Affordability			
	5	10	15	20
New Construction				X
Rental Rehabilitation or Acquisition of Existing Housing				
Under \$15,000 per unit	X			
\$15,000 to \$40,000 per unit		X		
Over \$40,000 per unit			X	

RESALE PROVISIONS

As shown in the previous table, homebuyer assistance programs are subject to a period of affordability, based on the amount of HOME dollars invested. Sale of the property by the homebuyer during the period of affordability is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy.

The **Resale** provision provides for the assisted property to remain affordable for the period of affordability. Any subsequent purchaser during the period of affordability must be low-income and occupy the property as his/her principal residence. The seller of the initial property will receive a fair return on his/her investment, but the unit must also be “affordable” to the purchaser. This can be accomplished with a deed restriction with the right of first refusal for the grantee to purchase the property. This provision is rarely used and will be used less in light of HUD’s interpretation of regulations regarding repayment of grant funds during a foreclosure.

The HOME investment subject to **Recapture** is based on the amount of HOME assistance provided and the affordability period on which it is based. Repayment of HOME proceeds at transfer of the property must be reinvested in another HOME-eligible activity. The beneficiaries of that investment must also be low-income households.

There are three acceptable methods of recapture:

1. Recapture the entire amount of the HOME investment. The amount may be reduced based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
2. Distribute net proceeds. Any equity may be distributed based upon the ratio of the HOME subsidy to the sum of the homebuyer's investment plus the HOME subsidy.
3. Guarantee the homebuyer's investment. If agreed upon, the program may allow the homeowner to recover all of his/her investment before recapturing the HOME investment.

Recapture in the Event of Foreclosure

In the past, the MDOC HOME program has interpreted HUD's regulations regarding foreclosure as the grantee should try to recoup as much of the HOME investment as possible but, realistically, not to expect to receive any repayment because the HOME funds are usually in a subordinate position. However, in 2003, HUD issued a different interpretation of those regulations.

In cases where proper recapture policies are not in place, HUD now requires full repayment to the U.S. Treasury of any HOME funds invested in a home that ends up in foreclosure, regardless of the amount of funds actually recovered by the grantee from the sale of the home. For example, \$15,000 of HOME funds is invested in a home; five years later that home is foreclosed upon and the program does not recapture any of the HOME funds, all \$15,000 would have to be paid to the U.S. Treasury.

Therefore, all grantees using HOME funds for homebuyer assistance activities must ensure the repayment provisions in legal documents (deed restrictions, trust indentures, promissory notes, etc.) are based on net proceeds from sales and have the proper language in place to prevent repayment of funds to HUD in the event of foreclosure. Sample language that will meet HUD's requirements is below:

"If the borrower becomes the subject of a foreclosure proceeding that results in the sale of part or all of the premises, all sums in excess of those paid to superior lien holders shall be paid to (Grantee) to apply to the outstanding balance of this loan. If there are insufficient funds to pay off the promissory note secured herein, (Grantee) may in its own discretion waive the payment of any or all of the outstanding loan balance."

TENANT BASED RENTAL ASSISTANCE

HOME funds may be used for tenant based rental assistance (TBRA). TBRA is a rental subsidy program used to help an eligible tenant with rent costs and security deposits. TBRA payments make up the difference between the amount the family can afford to pay for housing costs (30 percent of adjusted annual income) and the rent standard of the housing selected by the family. The subsidy payment contract with the tenant cannot exceed 24 months. Prospective tenants must be notified that the TBRA assistance is temporary, not permanent in nature.

Because TBRA is a two-year program, it should be viewed as a short-term solution to a community's housing needs. Applicants must describe how local market conditions led to the choice to use HOME funds for a TBRA program and must demonstrate how a TBRA program would be used to initially resolve a need and how the community plans to address that need through more permanent means.

OTHER FORMS OF INVESTMENT

The state does not intend to use other forms of investment other than those described in 24 CFR §92.205(b):

A participating jurisdiction (*the state of Montana*) may invest HOME funds as equity investments, interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part. Each participating jurisdiction has the right to establish the terms of assistance, subject to the requirements of this part.

AFFIRMATIVE MARKETING AND MINORITY/WOMEN'S BUSINESS OUTREACH

Each applicant for HOME funds must describe its affirmative marketing plan as a condition of receiving HOME funds. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing plan must include:

- Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the participating jurisdiction's affirmative marketing policy;
- Requirements and practices each owner must adhere to in order to carry out the affirmative marketing procedures and requirements;
- Procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach;
- Records that will be kept describing actions taken by HOME grantee and by owners to affirmatively market units and records to assess the results of these actions; and
- A description of how the HOME grantee will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

In addition, each HOME applicant must describe its procedures for outreach to minorities and women and entities owned by minorities and women in all contracts entered into by the HOME applicant and the steps that will be taken to ensure that

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minority business enterprises and women business enterprises are used when possible in the procurement of property and services.

REFINANCING

Currently, the state does not intend to use its HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

AMERICAN DREAM DOWNPAYMENT INITIATIVE

Planned Use of the ADDI Funds

As previously described, the majority of the MDOC's ADDI funds will be granted as part of the set-aside for single-family programs described above. A household may receive a maximum of \$10,000 in ADDI funds; however, grantees may combine ADDI funds with regular HOME funds to provide more assistance to a household.

A portion of Montana's ADDI funds will be allocated non-competitively to the state's three entitlement cities: Missoula, Great Falls, and Billings, which are not large enough to receive an ADDI allocation directly from HUD. Since the MDOC's allocation of ADDI funds is based upon the number of low-income renters in the state relative to the number of low-income renters in the nation, the MDOC will grant funds to Missoula, Great Falls, and Billings based on the number of low-income renters in each city relative to the number of low-income renters in Montana. The cities will not be required to submit applications to the MDOC, but will be required to demonstrate a viable plan for disbursing the ADDI funds in a timely manner.

Targeted Outreach

Grantees that receive ADDI funds must demonstrate that they are conducting outreach to residents of public and manufactured housing.

Suitability of Families

Recipients of ADDI funds must complete a homebuyer education course and must provide documentation to verify they are first-time homebuyers.

X. MONITORING

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG projects will be monitored on-site during the plan year. A basic requirement of the Montana CDBG programs, Housing and Neighborhood Renewal, Public Facilities and Economic Development, is that state program staff will monitor each project at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within

each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and state program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings", as may be applicable. Local governments are asked to respond promptly regarding any questions of performance or findings.

For CDBG economic development projects, the method of project monitoring has been modified over the years in response to the many nonprofit community development organizations that are managing CDBG economic development loan funds for one or more local governments. More emphasis is placed on loan documentation and financial evaluation procedures, requiring additional technical assistance from the state and other federal partners. A revolving loan fund (RLF) checklist has been developed for CDBG economic development projects that have received loan repayments. Loan fund managers can also use it as a reference guide. In addition, when appropriate, CDBG economic development projects may be monitored in areas only where performance problems are anticipated.

HOME INVESTMENT PARTNERSHIPS PROGRAM

At a minimum, all HOME projects will be monitored annually and at the conclusion of the project. Monitoring includes determining compliance with housing codes and applicable federal and state regulations and policies, assessing affirmative marketing actions and outreach to minority and women owned businesses, and ensuring that all funds have been properly expended and accounted for. The HOME program staff will specifically check HOME funds drawn on a minimum of 15 percent of the drawdown requests. In addition, monitoring visits will verify that participants' incomes and rents, purchase price or after-rehabilitation values are within HOME limits.

On-site visits of rental units are conducted throughout the period of affordability; the frequency of the visits is based on the number of project units. On-site visits of TBRA units are performed each year during an active TBRA grant. During on-site visits, HOME staff members verify that properties meet HQS inspections, house income-qualified tenants, and charge rents that meet HOME requirements. HOME staff also validates program income or CHDO proceeds reports during on-site visits.

Annually, grantees that received funds for rental or homebuyer assistance programs are required to certify that their projects still meet affordability requirements. For rentals, grantees must certify that tenant incomes and project rents meet HOME limits and that the property continues to meet Housing Quality Standards. Homebuyer projects must certify that recipients of HOME funds continue to use the assisted property as their permanent residence and report any program income or CHDO proceeds resulting from property sales.

EMERGENCY SHELTER GRANT PROGRAM

The MDPHHS provides on-site monitoring of the ESG program via regularly scheduled monitoring visits by program staff, using a monitoring tool. Staff reviews the matching requirements, budget, and performance (both financial and operational) against contacted activities in the approved ESG work plans. Staff reviews fiscal accountability and timeliness of report submission. This monitoring is part of a comprehensive annual review of all programs funded by the Intergovernmental Human Services Bureau.

XI. OTHER ACTIONS

ADDRESSING OBSTACLES TO MEETING UNDERSERVED NEEDS

Faced with the overwhelming demand for affordable housing, the state will implement programs and deliver resources to in-need populations around Montana, in an attempt to continually minimize the state's housing needs. No single objective has the same priority in all of Montana's communities. Likewise, no single action can meet the specific housing objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following housing objectives and actions designed to meet those objectives.

- **State Objective:** Provide homeownership opportunities to low- and moderate-income households throughout Montana.

Actions:

- Continue to make HOME funds available for homebuyer programs throughout the state, assisting an estimated 110 homebuyers per year.
- Continue to make MBOH bond funds available to assist approximately 1,100 low- to moderate-income homebuyers each year with \$115 to \$130 million in low interest rate loans.
- Continue to operate the Mortgage Credit Certificate (MCC) program, which was reauthorized in January 2006. The MBOH anticipates use of the MCC will continue to grow over the next several years.
- Continue to make funds available through the MBOH's Single Family Recycled Mortgage Program to lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single-family programs. The MBOH expects to make approximately \$23 million available for financing to 250 very low-income families per year.
- Continue to make funds available through the MBOH's Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 50 homes with nearly \$3.25 million in recycled mortgage funds over the five-year period.

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- Continue to make HOME and CDBG funding available for housing rehabilitation programs throughout the state, assisting an estimated 30 – 40 homeowner units per year.
 - Continue to leverage HOME and CDBG funds with weatherization programs administered throughout the state.
 - Continue to require HOME and CDBG projects to conform to federal and state energy efficiency standards.
 - Implement application scoring for the HOME and LIHTC that incorporates additional points for energy efficiency and green building.
 - Continue to require homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds.
 - Continue to collaborate on obtaining funds for organizations that provide homebuyer training
 - Continue to explore creative means to deliver homebuyer training in rural areas. Increase the use of web casts and video conferencing for homebuyer education, especially in remote areas.
 - Increase awareness of and monitor the level of predatory lending practices by continuing to support legislation to reform the payday and title loan industry, including participating in the Montana Alliance for Responsible Finance and the Montana Financial Education Coalition.
 - Continue to support the Section 8 Homeownership Voucher program.
 - Coordinate with educational institutions to facilitate technical construction, weatherization, and home-improvement courses.
 - Continue to support private foundations committed to leveraging federal dollars for affordable housing throughout the state.
 - Continue to support programs such as the Montana House - Montana Made Homes program, a partnership between the MBOH, the Anaconda Job Corps, and private nonprofit housing providers around the state. The MBOH provides financing for vocational students to construct 960 square foot modular homes at the Anaconda Job Corps Center. These homes will then be sold to qualifying homebuyers around Montana. The homebuyers will work with a private, nonprofit housing provider in their area that will help them identify a location for the home and prepare the site for delivery of the home.
- **State Objective:** Improve the quality and availability of affordable rental housing for low- and moderate-income households.

Actions:

- Utilize HOME funds to rehabilitate existing and construct new rental housing; approximately 140 units per year. Preserve rental units subject to expiring HUD

or 515 Rural Development contracts to ensure these units continue to remain viable, affordable units.

- Utilize the LIHTC program to construct or preserve an estimated 250 units of rental housing per year. Annual authority is estimated at \$2,125,000 plus any inflation factor the IRS may calculate, which provides an equity infusion of approximately \$15 million per year for production of affordable housing.
- Continue to support the Section 8 housing choice voucher program, which provides essential rental subsidy to very low and low-income Montanans.
- Continue to offer permanent mortgage financing for affordable rental housing in partnership with the MBOH and HUD's Risk Sharing Program, which provides mortgage loan insurance.
- Continue to offer permanent mortgage financing through the MBOH's General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance.
- Continue support the Mountain Plains Equity Group, Inc. (MPEG). The MBOH joined with the North Dakota Housing Finance Agency and the Wyoming Community Development Authority to form the MPEG. The purpose of the investment group is to support the development of affordable multi-family housing in communities throughout the tri-state area. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG is expected to ease the development of multi-family housing. MPEG is structured as a nonprofit corporation to make investments in LIHTC projects and potentially historic tax credit projects.

➤ **State Objective:** Provide housing options for the elderly and special needs populations.³⁶

Actions:

- Continue to market and support the Reverse Annuity Mortgage Loan Program, which enables Montana homeowners over 68 years old to provide for their own in-home support by utilizing cash from a Reverse Annuity Mortgage.
- Address the perceived need for assisted living housing for the elderly by promoting a study on elderly housing issues in rural areas.
- Continue to utilize HOME and CDBG funds to develop projects targeted to physically, developmentally and mentally disabled households.
- Increase rental housing, supported living arrangements, group living, and homeownership opportunities for persons with severe and disabling mental illness (SDMI), developmental disabilities, mobility impairments, and other

³⁶ HUD defines special needs households as a household where one or more persons have mobility impairments or disabilities, i.e., mental, physical, developmental, persons with HIV/AIDS; or with alcohol or other drug addiction that may require housing with supportive services.

disabilities, especially through cooperation with the Montana Home Choice Coalition and other organizations, as appropriate.

- Continue to make funds available through the Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 156 homes with nearly \$10 million in recycled mortgage funds over the five-year period.
- Continue to offer, through a partnership with the MBOH and Fannie Mae's and its lending network, the Fannie Mae MyMontanaMortgage (MMM) product including the HomeChoice option targeted at the homeownership needs of individuals and families with disabilities to provide a below market interest rate mortgage to persons with disabilities that do not require architecturally accessible homes or other physical modifications be made to the home.
- Continue to support education offered by Montana Fair Housing, the Montana Home Choice Coalition, and other organizations regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available.

➤ **State Objective:** Affirmatively further fair housing and implement objectives and actions identified in the *Analysis of Impediments to Fair Housing*.³⁷

Actions:

- Continue to require all HOME and CDBG grantees to abide by fair housing laws and take actions to provide housing services and programs free of discrimination;
- Continue to maintain records reflecting the analysis and actions taken;
- Work to improve the understanding of fair housing law and proper construction practices by:
 - Improving the general public's understanding of fair housing law through further outreach and education.
 - Exploring the feasibility of incorporating homebuyer training at the secondary education level. Communicate how credit markets work, how to avoid credit problems, and what predatory lending practices are to an audience entering the rental or homebuyer market.
 - Designing educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience.
 - Continuing to publish and distribute fair housing educational materials and guides.

³⁷ *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004; http://housing.mt.gov/Hous_CP_AnalysisImpedFrHsg.asp

- Encourage partnerships among the disabled community, housing developers, builders, and other housing providers. T
- Increase the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, including:
 - Montana Landlord/Tenant Law;
 - Federal and Montana fair housing laws; and
 - ADA and 504 design and construction standards.

- **State Objective:** Decrease housing environmental hazards, such as methamphetamine contamination, lead-based paint and asbestos.

Actions:

- Enforce all applicable federal and state environmental laws;
- Present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops;
- Continue to require the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed;
- Continue to promote lead-based paint training whenever the MDOC is aware of it being offered in the state; and
- Promote information on methamphetamine at workshops and conferences, when feasible.

- **State Objective:** Improve the efficiency of the MDOC housing programs.

Actions:

- Market the resources available to acquire, build, preserve, or rehabilitate affordable housing units by continuing the participation of the HOME and CDBG program staff in joint affordable housing application workshops each year. Other participating programs include the MBOH Low Income Housing Tax Credit Program and USDA Rural Development Housing Programs. At least three workshops a year will be held.
- HOME, CDBG, MBOH, and USDA Rural Development staffs expect ongoing, active participation in the efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the coming five-year period will focus on standardizing environmental review processes, contents of grant administration manuals, and compliance monitoring.
- Examine the allocation procedure in order to simplify and maximize the efficiency with which HOME funds are allocated and to ensure that they are being leveraged to the greatest extent possible.
- Continue to encourage CDBG housing funds be used as part of an overall neighborhood or community renewal effort.

- Continue to utilize technical assistance providers to the fullest extent possible. Emphasis will continue to be on community needs assessment and project development. Staff members of each MDOC program continue to market the programs and educate potential participants in the programs. The CDBG program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance.
- Increase training opportunities in housing construction as part of an overall economic development strategy that specifically targets training to at-risk populations, such as participants in the Job Corps, inmates in the prison system and residents of Indian Reservations.

BARRIERS TO AFFORDABLE HOUSING

Regulatory Barriers

Regulatory barriers do not have a significant impact on housing costs in Montana. Only a limited number of municipalities have adopted zoning. Local governments are not permitted to adopt their own building codes and must enforce the uniform codes adopted by the state, which are national or international codes³⁸ adopted by reference. Few, if any, counties enforce building codes outside of municipalities. Few, if any, counties have adopted countywide zoning regulations or impact fees. Therefore, there is little need for the state to undertake actions that might change what a jurisdiction has in place.

The **Montana Code Annotated [MCA] 76-1-601** governs growth policy for the state. Specifically, a growth policy may cover all or part of the jurisdictional area. A growth policy must include the elements listed in listed by October 1, 2006. The extent to which a growth policy addresses the elements of a growth policy that are listed below is at the full discretion of the governing body. A growth policy must include:

- a. community goals and objectives;
- b. maps and text describing an inventory of the existing characteristics and features of the jurisdictional area, including land uses; population; housing needs; economic conditions; local services; public facilities; natural resources; and other characteristics and features proposed by the planning board and adopted by the governing bodies;

³⁸ National Electrical Code, as amended; Uniform Plumbing Code, as amended; International Mechanical Code; International Building Code; International Residential Code (one- and two-family dwellings and townhouses up to three stories in height); residential energy standards adopted and amended by the State of Montana, incorporating the Model Energy Code; International Existing Building Code, and; International Fuel Gas Code (natural gas/propane installation)

- c. projected trends for the life of the growth policy for land use; population; housing needs; economic conditions; local services; natural resources; and other elements proposed by the planning board and adopted by the governing bodies;
- d. a description of policies, regulations, and other measures to be implemented in order to achieve the goals and objectives established

New Freedom Initiative

President Bush, in announcing his *New Freedom Initiative*, identified a major discrepancy in the general rate of homeownership of 71 percent and the rate of households headed by people with disabilities, which stands at 10 percent. The Montana Home Choice Coalition believes these national figures are generally applicable to the homeownership gap present in Montana, and is committed to closing this gap for people with disabilities and their families.

Like other citizens, people with disabilities can benefit from homeownership. Efforts to provide homeownership opportunities and choices can be supported through a combination of funding programs and new initiatives. Individuals with disabilities may need access to more financial assistance than the average first-time homebuyer due to limitations on work and related earning power due to their disability. Working in support of homeownership for persons with disabilities, the Montana Home Choice Coalition's homeownership initiative involves four major general strategies:

- Provide community outreach and education to the disability community;
- Provide individual homeownership counseling and referral services;
- Provide access to the Fannie Mae MyMontanaMortgage HomeChoice option for Persons and Families with Disabilities. This mortgage product has flexible features specifically designed to meet the needs of homeowners with disabilities. It provides a flexible mortgage option for potential homeowners with disabilities and adds existing mortgage options available through Montana Board of Housing, HUD, and Rural Development; and
- Educate and advocate with affordable homeownership providers, the housing finance industry, and housing builders. Within the public housing resource needs identification process, identify the interest in and need to include homeownership as an option for people with disabilities, including the development of accessible housing stock incorporating Universal Design.

The Montana Home Choice Coalition is committed to assisting eligible persons with disabilities to become homeowners. The coalition works to bring together a variety of community resources including HUD-funded homebuyer assistance programs in communities across Montana, working closely with the Montana Homeownership Network, MBOH, MDOC Housing Division, Fannie Mae, USDA Rural Development, Section 8 contractors, lenders, and Realtors®. The coalition works to support implementation of the Section 8 Homeownership Voucher program. In partnership with the MDPHHS Developmental Disability Program (DDP), the coalition has a special

initiative to provide homebuyer assistance to eligible persons with developmental disabilities served by certain DDP-funded services who desire to become homeowners.

U.S. Supreme Court Olmstead Decision

The 1999, the U.S. Supreme Court Olmstead Decision established that States must work to provide people with disabilities who currently reside in institutions or other intensive levels of care, like nursing homes, with appropriate and meaningful opportunities for full access to community life. A fundamental piece of creating appropriate community living options is appropriate housing. The Bush Administration's *New Freedom Initiative* calls for swift implementation of the *Olmstead* decision and calls on federal agencies, including HUD-funded programs to identify and remove obstacles that prevent people with disabilities from full participation in community life and to work cooperatively to assist the states in creating appropriate *Olmstead* solutions across the country. In Montana, the major institutions serving people with severe disabilities include the Montana State Hospital at Warm Springs, and the state Nursing Care Center at Lewistown, which serve people with mental illness, and the Developmental Center at Boulder serving people with developmental disabilities. *Olmstead* also covers people with disabilities who are inappropriately served levels of restrictive care that are higher than necessary.

FOSTERING AND MAINTAINING AFFORDABLE HOUSING

ADDRESSING LEAD-BASED PAINT

The HUD lead-based paint (LBP) regulations for pre-1978 homes, known as Title X, Section 1012/1013, into effect on September 15, 2000. The state of Montana has a commitment to ensure that recipients of HOME, CDBG, and ESG funds administer programs that adequately limit the risks associated with lead-based paint. Recipients of funding through these block grant programs are required to comply with all federal, state and local lead-based paint regulations.

Based on the number of houses in Montana that were built in 1979 or before, it is estimated that there are nearly 285,500 Montana units at risk of containing lead-based paint. Although this is approximately 69 percent of the housing units in the state, it is important to note that one cannot assume all of these units contain lead-based paint and the presence of lead-based paint alone does not indicate the extent of exposure hazards. Education and awareness of the potential hazards and the need to properly maintain, control, and abate paint potentially containing lead is crucial.

Applicants for CDBG and HOME funds are made aware of the requirements of the lead-based paint regulations before they apply for funds. If funded, applicants receive additional information on dealing with lead based paint hazards. Technical assistance is available through the life of the project. The MDOC also promotes the free lead training whenever it is offered in Montana. Both the CDBG and HOME programs allow funds to

be used to assist with the cost of lead-based paint removal activities, depending upon the type of activity being funded.

The HOME programs requires grantees dealing with potential lead based paint hazards to perform, at a minimum, visual inspections to identify possible lead-based paint hazards for projects wishing to use HOME funds. Personnel conducting visual inspections are required to complete HUD's on-line Lead-Based Paint Visual Assessment Training³⁹, an on-line, self-paced training module for people performing visual assessments for deteriorating paint, dust, and debris. In addition, housing quality standards (HQS) inspections are performed annually at HOME, Section 8 and other rental properties throughout the state, and all homes being purchased with the assistance of HOME funds.

The MDOC has adopted a policy on lead hazard reduction in keeping with federal regulations. For projects involving a home constructed prior to 1978, grantees are required to notify project beneficiaries about the hazards of lead-based paint. In addition, if housing built prior to 1978 is being rehabilitated, the housing must be inspected for defective paint. If surfaces are found to be defective, they must be treated in the course of rehabilitation.

Full abatement of lead-burdened housing is a worthwhile goal. However, it is costly and caution must be taken to ensure that the work is performed in a safe manner by certified workers.

The more populated areas of the state have workers trained in lead-safe work practices, qualifying them to work on rehab projects costing less than \$25,000. This covers most of the single-family rehabilitation projects conducted with federal funds. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, remain under-prepared to address lead-based paint hazards. A significant portion of rehabilitation program budgets now goes to addressing LBP hazards.

The MDOC does not have a lead testing or abatement program in place at this time and does not plan to test or study housing units located in the state. However, for projects assisted with HOME or CDBG funds, grantees are required to ensure that the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed. In addition, the HOME and CDBG programs present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops. Further, the MDOC promotes lead-based paint training whenever it is aware of it being offered in the state.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

³⁹ http://www.hud.gov/offices/lead/training/training_curricula.cfm

Additional information about lead-based paint abatement is available in the 2005-2010 Consolidated Plan, through the federal Environmental Protection Agency, HUD, and the National Paint and Coating Association at <http://www.leadstetraining.org>.

REDUCING THE NUMBER OF POVERTY LEVEL FAMILIES

Montana has a high proportion of families who live near the official poverty level. It is the goal of the state to assist these families to improve their standard of living and escape poverty. The state utilizes a number of strategies to accomplish this goal.

First, Montana is committed to utilizing employment as the primary strategy for poverty reduction. The state has a well-coordinated employment and training system, which ensures that resources for advancement through employment, such as the Workforce Investment Act (WIA), Temporary Assistance for Needy Families (TANF), and state resources such as higher education and economic development, are available to low-income families. Administrators of these programs meet regularly to ensure coordination and results.

Second, the state provides a series of work supports to stabilize families as they increase their skills and seek better employment. These supports include TANF, food stamps, energy assistance, health care, childcare, housing assistance and advocacy.⁴⁰

Finally, the Executive Branch is committed to a comprehensive approach to poverty reduction. Agencies serving low-income families have been included in a series of economic development activities. In addition, the Governor has supported a comprehensive effort to end chronic homelessness in Montana.

DEVELOPING INSTITUTIONAL STRUCTURE

The state remains committed to developing and enhancing institutional structure in the state through its participation in various working groups, committees, and councils as discussed in the section on Interagency Cooperation and Coordination.

ENHANCING COORDINATION

The MDOC is committed to improving coordination between public and private housing entities and social service agencies serving low- and very low-income households.

Throughout the year, the MDOC interacts with other agencies and organizations with a commitment to better develop housing strategies. The MDOC maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities. The MDOC supports a broad-based “team” approach to address

⁴⁰ The *Montana State Plan for the Temporary Assistance for Needy Families Program* can be accessed at: <http://www.dphhs.mt.gov/publications/tanfstateplan092006.pdf>

affordable housing issues through the formation of the **Consolidated Plan Steering Committee** and **Housing Coordinating Team**. The MDOC has also been a long-standing member of the **Water, Wastewater and Solid Waste Action Coordinating Team**, which was formed in 1982 to address infrastructure issues. These committees and groups provide direction and input to the Consolidated Plan.

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, CDBG and ESG programs, Montana Board of Housing and other Housing Division programs, the Montana Council on Homelessness the Montana Home Choice Coalition/A.W.A.R.E., Inc., and Fannie Mae's Montana Partnership Office met during the plan development process to review the status of and provide input to the Consolidated Plan. In addition, other agencies, such as the Montana Departments of Environmental Quality (MDEQ), Natural Resources and Conservation (MDNRC), and Labor and Industry (MDOLI), and the MDPHHS are solicited as needed for input on specific topics contained in the action plan and supporting studies.

The **Housing Coordinating Team** (HCT), also chartered by the MDOC, continues to facilitate statewide coordination in the delivery of housing services to individual housing providers and local organizations. Areas of cooperation include evaluating the effects of impact fees on affordable housing, coordinating monitoring requirements within the MDOC programs, and making minor adjustments to the common application for housing projects. Participating organizations include the MDOC and MDPHHS, HUD, Fannie Mae, U.S. Department of Agriculture Rural Development (USDA RD), and local housing authorities.

The **Water, Wastewater and Solid Waste Action Coordinating Team** (W₂ASACT) is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. W₂ASACT currently meets bimonthly to explore and coordinate a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W₂ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects.

W₂ASACT subcommittees continue to address issues of community planning and environmental regulation in order to streamline the application and project implementation process for small rural communities. A current goal is to consolidate multiple, separate environmental mandates into one coordinated environmental review process, including the development of a common environmental assessment form that would be accepted by all funding agencies.

In addition, staff from the MDOC and/or the Housing Division regularly attends and participates in meetings held by the **Montana Continuum of Care**, the **Montana Home**

Choice Coalition, the Montana Homeownership Network, Mental Health Oversight Advisory Council, and the Montana Council on Homelessness.

The **Montana Continuum of Care** (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area.

The Montana **Home Choice Coalition** is a coalition of Montana citizens working together to create better housing opportunities for Montana citizens with disabilities. A.W.A.R.E., Inc. coordinates the Coalition, which receives support and sponsorship from Fannie Mae and the MDPHHS. The Coalition develops new housing and resources directly and in partnership with other entities, provides education, advocacy and housing counseling, and collects data to support its goal of creating better housing choices for Montanans with disabilities.

An affiliate of Neighborhood Housing Services, Inc. of Great Falls (NHS), the **Montana HomeOwnership Network** (MHN) is a nonprofit housing provider offering affordable homeownership opportunities to lower income individuals and families around the state. Its partners include the Resource Conservation & Development districts, homeWORD, tribal housing authorities, USDA-RD, HUD, Assiniboine and Sioux Tribal Enterprise, NeighborWorks America, cities of Great Falls and Billings, Fannie Mae MTPO, First Interstate BancSystem Foundation, Heritage Bank, US Bank, Wells Fargo Bank, Stockman Bank, Mountain West Bank, Montana Building Industry Association, Montana REALTOR® Association, Career Training Institute, Helena Area Housing Task Force, Elkhorn Housing Development Corporation, Human Resource Development Councils, and the MBOH.

The 1999 Montana Legislature directed the Montana Department of Public Health and Human Services to create the **Mental Health Oversight Advisory Council** (MHOAC). MHOAC provides input to the MDPHHS in the development and management of the public mental health system. MHOAC membership includes consumers of mental health services including those who currently receive or formerly received public mental health services, immediate family members of recipients of mental health services, advocates for consumers or family members of consumers, the public at large, mental health service providers, legislators, and MDPHHS representatives.

In response to the growing problem of homelessness in Montana, former Governor Judy Martz issued an Executive Order in June 2004, establishing the **Montana Council on Homelessness** (MTCoH). The MTCoH was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MTCoH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing resources. MTCoH members come from the public, private, and business sectors as well as state and federal agencies. They represent the Governor's Office, Montana Departments of Public Health & Human Services, Corrections, Labor and Industry,

Public Instruction, Veteran's Affairs, and Commerce, as well as Social Security, the Board of Crime Control, the Montana Continuum of Care, the Montana-Wyoming Tribal Leaders Association, and the private and nonprofit sectors.

PUBLIC HOUSING INITIATIVES

Fostering Public Housing Resident Initiatives: The state does not have a public housing authority. Public housing authorities are set up under state law at the local level to better meet the needs of the local community. However, the MDOC is committed to improving coordination between public and private entities serving low- and very low-income households. See the previous discussions on the Housing Coordinating Team; the Montana Continuum of Care, Montana Council on Homelessness, Home Choice Coalition, and Tri-State HELP.

The Housing Assistance Bureau of the MDOC contracts with HUD as the statewide PHA using an annual Contributions Contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis. The tenant based section 8 program, uses 35 local field agents in eleven locations throughout the state to provide field services: issue assistance documents, perform inspections, and examine annual income.

In the event the state is notified by HUD that a public housing agency in Montana is designated by HUD as “troubled”, the MDOC will determine if the MDOC can provide assistance to the public housing agency

XII. CONSOLIDATED PLAN DEVELOPMENT PROCESS

The Montana Department of Commerce is the lead agency overseeing the development of the Consolidated Plan. This Annual Action Plan is for the 12-month period beginning April 1, 2007 and ending March 31, 2008 (federal fiscal year 2007) and is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development.

Updating the Consolidated Plan for housing and community development is an on-going process. Throughout this process, the state strives to improve the delivery of assistance to the people of Montana. The state supports policies and programs that support decent, safe, affordable housing, services for the homeless, and other non-housing community development activities such as infrastructure enhancement and economic development.

CONSULTATION AND OUTREACH WITH CITIZENS AND ORGANIZATIONS

As part of the plan update, numerous outside agencies and individuals were contacted. These organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the action plan and related studies. The public participation plan is included in Appendix A.

The MDOC conducted three public input meetings before the 2007 Annual Action Plan was drafted. At a minimum, the meetings were noticed with general announcements sent to the Consolidated Plan mailing list; general newspaper ads in the state's six major newspapers (Billings, Bozeman, Butte, Great Falls, Helena, Kalispell); personal invitation letters to everyone on the Consolidated Plan mailing list living in the areas in which the meetings were being held; and specific newspaper display ads in the areas the meetings were being held.

On-Site Public Input Meetings			
Hardin	April 10, 2006	7:30 – 8:30 a.m.	Big Horn County Courthouse; 121 3rd Street W.
Great Falls	April 27, 2006	12:00–1:15 p.m.	US Bank Building; 300 Central Ave.
Butte	May 18, 2006	12:00–1:15 p.m.	Red Lion Hotel; 2100 Cornell Ave.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for the plan year beginning April 1, 2007 is partially based on current and past research studies and analyses of housing, infrastructure, and economic development needs, including the *Economic and Demographic Analysis of Montana*⁴¹. The *Economic and Demographic Analysis* provides current data and analysis for two primary uses: first, for the MDOC in preparing Montana's Consolidated Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities in need of statewide or county level analysis of economic, demographic, and housing trends.

The *Montana Housing Resource Directory*⁴² includes descriptions of a variety of federal, state, and local housing programs available in Montana. New to the directory this year is a section on "Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources". The directory and associated reference guide are meant to provide an overview of the available programs along with contact information.

The documents and studies prepared or updated in support of the Consolidated Plan and other programs can be found at:

http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp

Useful documents prepared by the MDOC's Community Development Division include:

- *Capital Improvements Planning Manual*
- *Survey of Water, Wastewater, and Solid Waste Facility Rates in Montana*

⁴¹ *Economic and Demographic Analysis of Montana - Volume I, Economic Profile*, Center for Applied Economic Research, Montana State University-Billings, January 2006;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

⁴² *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006;
http://housing.mt.gov/Hous_CP_HsgResDir.asp

- *Location of Growth in Montana*
- *County Bridge and Road Capital Improvement Planning and Financing Manual*
- *Planning & Financing Community Water & Sewer Systems in Montana*
- *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana*
- *A Handbook: Capital Facilities Scheduling & Financing*
- *Inventory of Infrastructure Needs*

Contact the MDOC's Community Development Division at (406) 841-2791 for information on these publications.

Homeless in Montana: a Report, and other information on the Montana Council on Homelessness can be obtained from the MDPHHS, Human & Community Services Division at (406) 444-4260, or accessed through the following website:

www.mtcoh.org/MTCohMinutesProductsandMaterials.htm

XIII. IMPEDIMENTS TO FAIR HOUSING CHOICE

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

The MDOC is responsible for:

- conducting the AI;
- taking actions to address the impediments within its jurisdiction, and monitoring the results;
- certifying HOME and CDBG grantees affirmatively further fair housing;
- taking actions to address the impediments within its jurisdiction and monitoring the results of those actions.

However, MDOC lacks the authority to solve these problems alone. The task of eliminating the impediments to fair housing rests on the shoulders of all Montanans.

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In 2004, the MDOC updated the *Analysis of Impediments to Fair Housing and Housing Choice*, in support of Montana's Five-Year Consolidated Plan for the period April 1, 2005 through March 31, 2010, which available on the Web at:

http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp